Study Unit

Starting Your Own Business

Preview

Congratulations, you've come a long way. Now you're about to begin an exciting study unit that will help you get started in your own business as an interior decorator. So far you've acquired many skills that will help you. You've learned how to read a blueprint, how to draw a floor plan to scale, how to use the color wheel, how to set a room's style and mood with accessories, how to sell, and much more. This study unit will provide nuts-and-bolts information about establishing your own business as an interior decorator. It's filled with specific examples and lots of how-to tips. The interior decorating field is vast, exciting, and fun. It's waiting for you and what you've learned, so let's get started.

When you complete this study unit, you'll be able to

- Establish yourself as a professional
- Develop a decorating program
- Discuss how to work with clients
- Assemble a decorating team
- Work with subcontractors, tradespeople, and custom fabricators
- Locate suppliers and set up a source file
- Define types of businesses and special licenses
- Locate an office or studio
- Establish and expand your clientele
- Explain how to charge clients and collect payments
- Set up bookkeeping and files and inventory and billing control, and use appropriate business forms
- Keep records for income and self-employment taxes

Remember to regularly check "My Courses" on your student homepage. Your instructor may post additional resources that you can access to enhance your learning experience.

Contents

GETTING STARTED IN INTERIOR DECORATING **1**

Establishing Yourself as a Professional 1
Deciding to Take a Job 8
Developing a Decorating Program 14
The Presentation 20
The Installation 29
Turning Over a Project 31
Assessing Your Work 32

THE DECORATOR'S SUPPLIERS **36**

The Decorating Team 36
Working with Tradespeople 41
Working with Custom Fabricators 47
Building Resources 50

BUSINESS BASICS AND RECORD KEEPING **60**

Sources of Help 61
Types of Businesses 62
Special Licenses 67
Finding a Location 69
Establishing and Expanding Your Clientele 72
How to Charge Clients 77
How and When to Get Paid 81
Setting Up Bookkeeping and Files 84
Inventory and Billing Control 99
Taxes 100
Keeping Records 103
The Computer Advantage 104

SELF-CHECK ANSWERS **107**

Color is an extremely integral part of interior decorating. Therefore, as you work through your program, be sure to study the photos and illustrations in their color format, available as PDFs. To access the PDFs, log on to the Penn Foster Web site and click on **My Courses.** Then, click on the open-book icon next to the unit you're studying.

Starting Your Own Business

GETTING STARTED IN INTERIOR DECORATING

As a decorator, you must learn a great deal about your clients to create the best decorating scheme for the job at hand. Interior decorating is a profession that demands qualified people to perform decorating services for customers who need help in their decorating projects. In this section, you'll study the importance of establishing yourself as a certified professional and getting started in your new career. Then you'll follow the steps in a typical decorating assignment from the first moment of meeting a prospective client to the completion of the job.

Establishing Yourself as a Professional

You've already learned how important your first impression is on clients and how it can establish your business relationship. During the first encounter with a client, you must gain the client's trust in your professionalism as well as in your decorating skills. Do everything you can to make this meeting pleasurable and to create a feeling of mutual respect. Carefully consider the way you dress, your attitude, and the surroundings in which you meet. All of these details are significant because they combine to form the clients' impression of you—and the way you do business.

Your Professional Attitude

An honest—but not gushy—concern for your clients' interests is the best professional attitude. From the very first encounter, show your clients that you care for their opinions and ideas (Figure 1). Never adopt an aloof or distant attitude toward your clients. A haughty, unprofessional air will repel clients.

FIGURE 1—Always show a genuine interest and concern in your clients' opinions and ideas.

Clients want to work with likable and understanding decorators. Clients want to feel certain that the decorator listens to them, is truly interested in their projects, and will see that every job is done satisfactorily. The best way to get that feeling across is to make the clients feel comfortable, both physically and psychologically. If prospective clients visit your office, greet them warmly. Hang up any coats or wraps and offer them a comfortable seat. You can provide light refreshments such as coffee, tea, or a cold drink, but never offer alcoholic beverages. Be open and friendly. If the meeting occurs in your own place of business (even if it's your home), treat your prospective clients like honored guests whom you're especially pleased to have visit. Today, more decorating clients prefer that you visit them in their own homes, so always maintain a professional attitude regardless of where your first meeting takes place. Be sure to inform your clients what to expect from your first appointment.

Your Professional Appearance

Because decorating involves taste and style, your prospective clients will judge your professional skills based on the taste and style of your attire. Be thoughtful about what you wear and choose conservative colors and patterns. Don't be too flashy or too casual.

A woman might wear a well-tailored suit in a handsome color in keeping with the season. Some excellent colors for fall and winter are burgundy, soft gray, deep blue, brown, and dark rust. For summer, a neat, tailored shirtwaist dress in lighter and brighter colors is comfortable and appropriate, as is a summer suit. A spaghetti-strap dress or an off-the-shoulder peasant blouse is obviously too informal for a business meeting with a client.

A man might choose a well-cut and well-fitted business suit. A blazer and slacks are also suitable. A particularly handsome tie and a handkerchief in the breast pocket will add a bit of flair. Hairstyles should be neat and as timeless and as well chosen as your attire. After you become acquainted with your client's personal life style, you can adjust your attire somewhat. The goal of the first meeting is to set a businesslike and professional tone that will continue throughout all subsequent meetings.

Your Place of Business

Just as your attitude and your appearance influence a client's confidence in your ability, so do your surroundings. Whether you work for someone else or you're self-employed, whether your office is in a splendid high-rise building or the living room of your own home, you must present surroundings that assure the client that you're a professional decorator (Figure 2).

FIGURE 2—The place where you conduct your business should present a professional atmosphere.

It's perfectly acceptable to meet with your client in your own home if you have no other place of business. However, the room in which you meet should be a true reflection of your decorating talents—homey and inviting. A bouquet of fresh flowers is an excellent investment. Flowers flatter any room and fill it with a pleasing fragrance as well. Touches such as this can enhance the overall impression you make.

U.S. Small Business Administration
SBA
Your Small Business Resource

The Best Source: SBA Small Business Planner

There's no better source of information about starting a small business than the Small Business Administration (SBA). Visit their Web site at **http://www.sba.gov.** At their home page, click on the link to Small Business Planner for excellent advice and instructions for starting a small business.

Your Portfolio

To demonstrate to your clients that you can handle their job, show them a portfolio of your work. Since interior decorating is a visual task, your clients will get a better idea of your work if they can see what you've done. In fact, your portfolio may be your most important selling tool.

Most portfolios, which can be purchased at an artist's supply store, resemble a photo album (Figure 3A). They're large, loose-leaf binders, often with a zipper to close the three open sides to prevent losing valuable samples. Inside are transparent plastic envelopes for displaying your samples or examples of your work.

FIGURE 3A—This photo shows a standard portfolio that you can use for your interior decorating work.

Here are some items to include in your portfolio:

- *Before and after photos of jobs you've completed.* No matter how large or small a job is, always take photographs before you begin and after you finish. Even if you just help a friend arrange pictures over a sofa, take photos for your portfolio.
- *Floor plans of jobs you've worked on.* Make sure your floor plans are carefully drawn and professional in appearance. Many clients will appreciate knowing that you can provide them with a floor plan of their decorating project.
- *Fabric swatches for carpeting, upholstery, draperies, and wallpaper shown in your photos.* Fabric swatches help potential clients visualize your photographs better. Being able to touch the swatches gives them a better idea of what a room is really like.
- *Testimonials from satisfied customers.* Letters of appreciation from customers are a wonderful form of advertising. However, always ask a client for permission before you include his or her letter in your portfolio.
- *Newspaper articles that mention your accomplishments.* Right now, you may not think you would ever make the news. However, if you volunteer your services to some organization or if you participate in a professional association, you may find your name and even your photograph in the newspaper.

As a beginner, you may have only your course work to display in your portfolio, such as floor plans, color studies, and elevations neatly rendered in pen and ink. If you have a talent for perspective drawings or color studies in watercolor, include samples of these. You may also have presentation boards of projects (Figure 3B). If these are too large to fit into your portfolio, cover them with a "sleeve" of plain paper or consider purchasing a decorator's portfolio, which usually measures 2 ft (feet) by 3 ft. If you don't have a presentation sample, make one expressly to highlight your decorating talents. Include sketches of the projects you completed for

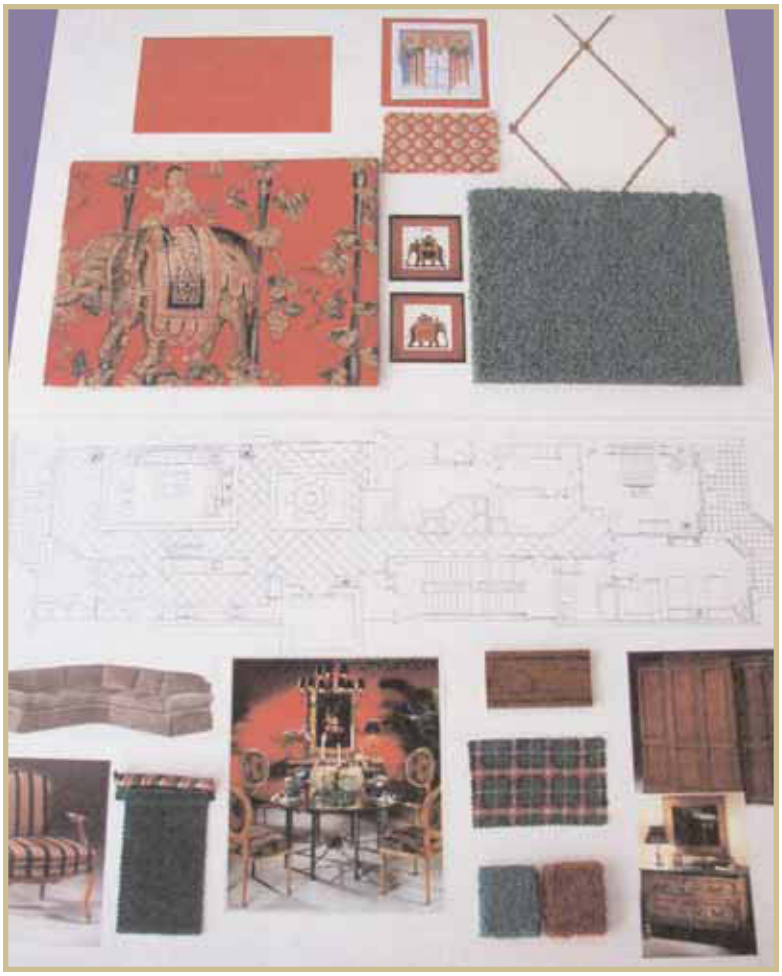


FIGURE 3B—This presentation board includes pictures and samples for a complete room.

this program and any other layouts you've made of decorating schemes. Attach swatches of carpeting and fabrics and clippings of furniture styles attractively mounted on artist's mounting board. The first projects you did were probably very simple renderings. That's understandable, because anyone learning a new skill won't have the finesse of a master. It's a good idea to redraw some of your early illustrations for your portfolio. Present your talents in their best possible light.

New decorators just getting started often help their family and friends with decorating problems. Whenever you work on a project like this, always take a photograph before you begin. If a project turns out to your satisfaction, take some additional photos when you finish the job. Mount the before and after photos, along with swatches of the fabrics that make up the scheme. Get in the habit of documenting your decorating projects. When you have a big job, the before and after pictures are especially important.

Keep your portfolio neat. Your portfolio is an example of what your work is like. If it's disorganized and messy, your prospective clients will assume your decorating job will be the same. Each entry in your portfolio will be examined not only for your technical skills, but also for the overall presentation. Smudged ink, fingerprints, dog-eared edges, creases, wrinkles, and messy glue don't impress prospective clients. The care and consideration you give to preparing your portfolio can reap great benefits for you.

Finally, include your very best work in your portfolio. Don't overwhelm a prospective client with too many examples.

Deciding to Take a Job

Once you've convinced a client that you're the decorator for the job, it's time to decide whether you'll undertake the project. First, you must be convinced that the clients are individuals you can work with well. Second, you must feel certain that there actually is a job to be done, not just wishful thinking on the part of the clients. By now you may have invested several hours of your valuable time. You shouldn't go further without assurance from the clients that you'll be paid for any additional time and effort.

The Initial Meeting

The first meeting is the time to tell the clients how you expect to be paid. Most decorators require a signed contract before handling a project. You may require a deposit for purchasing items once a client has approved a decorating scheme. If so, make that clear during this meeting. Explain clearly your monetary working arrangements so the clients won't feel tricked later. "I would enjoy working on a redesign of your living room, Mr. and Mrs. Abbott. Just so you know, I require a simple contract before we get started and a deposit of 50% of the total project cost at that time." (We'll be discussing fee structures and the pure business and accounting aspects of decorating later in this study unit.)

Arranging a Second Meeting

Even if the first meeting is quite short, you should end it on a positive note. If it appears that there's a job to be done and if you feel that you could work successfully with the clients, offer to perform some small service. For example, offer to check on a price, see if an item discussed is available, or get a color sample. This small courtesy shows the clients that you're truly interested in the project. Also, it gives you the perfect excuse to meet with them again!

Determining the Client's Budget

You can seldom get a full understanding of a client's budget at the first meeting. Usually this information comes only after the client has almost decided to proceed with you as the decorator. However, you can still gently try to determine the budget at the first meeting. The sooner you know the monetary limits, the easier your job will be. The hardest question to ask clients and the most difficult one for them to answer is "How much money do you intend to spend on this project?" Experienced decorators say that the average clients frequently have no idea what they intend to spend or how much things cost. However, you must have some idea of the budget or you'll waste your time. For example, if the clients have a champagne budget (money is no object), don't waste time planning a project with inexpensive wallcoverings. If they have a beer budget (modest), don't waste your time selecting damask for the walls and all-wool carpet for the floors.

To direct your efforts constructively, you must determine at least a general concept of the budget for a project. You can usually accomplish this by having a frank discussion about money (Figure 4). Just remember that most people seem reluctant to talk about money. Either they're embarrassed because they feel that they have too little of it, or they're suspicious that everyone is out to get a chunk of their ample amount. Every decorator must be able to discuss money candidly from the beginning of the relationship with a client. After all, as the decorator you may be spending quite sizable sums. In some cases, you might even spend some of your own money until you're reimbursed by the client. You need to have financial confidence in your clients if you'll be spending

FIGURE 4—Before you can begin to plan an interior decorating job, you must have at least a general idea of what a client wants to spend.

your money for them. By the same token, whenever you have control of someone else's wallet, expect to be watched and judged every step of the way.

You can usually get clients to talk openly about money by doing so yourself. Volunteer information about fees for your services, explain how much you charge, and talk about the going rate for goods and services. For instance, if you're discussing a living room project, you might inquire if the clients want to purchase a new sofa or reupholster their present one. Quote the cost of a new sofa and the cost of reupholstering plus fabric. This immediately alerts the clients to costs, and they can then determine whether you and they are in agreement about price ranges for the item.

Signing the Letter of Agreement

You may meet several times with your clients before you work out a true meeting of the minds. Once you and the clients have agreed that there's a job to do and that you're the one to do it, the time has come to sign a contract or letter of agreement.

A *contract* is merely a written agreement between two parties stating their responsibilities so that each understands what both are to do. If both you and your clients have been operating in good faith, no one will shirk from signing a contract. Actually, if you doubt the seriousness of your clients' intentions, presenting the contract will clear it up and you can quit wasting your valuable time if the clients hesitate or refuse to sign.

A contract helps to clarify everyone's exact position. Therefore, it also helps you and your clients to work out any points that were vague or unclear to either of you. No decorating project should be started without some form of written agreement. *Written* is the key word. Until you have that important piece of paper signed by the client, you aren't actually being paid for your time and efforts. Figure 5 illustrates a sample letter of agreement. More specific information on letters of agreement is presented later in this study unit. The letter in Figure 5 outlines several different ways that a decorator can be compensated for services. Some or all methods of payment can be used. Once you complete the letter, give two copies to the client—one to keep and one to sign and return.

April 20, 20--

Mr. and Mrs. John Jerome
22 Exeter Terrace
Delahanty, IL 60928

Mr. and Mrs. John Jerome:

It was a pleasure to meet with you and discuss the decoration of your handsome living room at 22 Exeter Terrace. The ideas we talked about are most exciting, and I am eager to get started. This letter will set forth the terms proposed at our meeting on April 10.

My office will study the floor plan of your room, preliminary to planning the space. We shall meet with you, and any other members of your family you deem necessary, to determine the style preferences and function of the room. We shall select the furniture, the window and floor treatments, and a color scheme. We will prepare a budget estimate for the project subject to your approval and act as purchasing agent for the furnishings.

We will submit our proposed decorating scheme to you by May 15 and request that any changes on your part be made within three weeks of submission. Should you desire to see additional floor plans, sketches, or models of the rooms reflecting those changes, these will be billed to you at our cost.

1. Our fee for the services outlined will be $1,000 for the proposed scheme and budget estimate.
2. Upon your approval, all purchases will be billed to you at the list price. Purchase orders will be issued by us upon receipt of a signed copy with the required deposit of 50%, balance due upon delivery.
3. Labor services will be billed to you at cost plus a 10% fee for our coordination of the project.
4. Out-of-pocket expenses will be billed separately once a month. These will include traveling to and from the job site, telephone toll charges, messenger services, and any extra requirements for working drawings or models.
5. You can terminate this agreement prior to the approval of the decorating scheme or execution of the project, by notifying this office in writing and by compensating us on an hourly basis of $55 per hour for the time already spent on the project.

I look forward to a mutually enjoyable relationship and to the completion of a room that will give you and your family constant pleasure. I look forward to receiving your signed copy of this agreement.

Approved by _____

Date _____

Sincerely,

Judith Rothman

Judith Rothman

FIGURE 5—Sample Letter of Agreement

The following itemized list explains each part of the signed contract in Figure 5. As a decorator, you can use this letter as a model for developing your own contracts.

Each of these items is explained in more detail later in this study unit.

1. *Flat, or straight, fee.* The $1,000 is a straight-fee arrangement to cover the preparation of a basic decorating scheme for the room. This fee includes the furniture placement on the floor plan, window and floor treatments, suggestions for furniture, and the budget estimate.

2. *Markup.* The decorator will bill the clients at list price for all furnishings purchased for them. The decorator pays a discount price to the wholesaler, which is the list price less the decorator's discount. The difference between the list price and the discount price is the decorator's profit or fee. For example, suppose the list price of a love seat is $1,000. If the decorator's discount is 40%, the discount price is $1,000 less 40%—that is, $1,000 – $400 = $600. The client pays $1,000 to the decorator, who pays the wholesaler $600 and keeps the $400 as the profit or fee.

   If a decorator chooses, he or she can charge for purchases using the *cost-plus method.* The term *cost* refers to the price the decorator pays—that is, the discount price. The decorator then charges a client the cost, plus a certain percentage, typically 30–35%. With this method, the decorator would pay $600 for the sofa and charge the client $600 plus 30–35%—that is, $780 to $810. In a way, the decorator is sharing his or her discount with the customer.

3. *Percentage markup on labor.* The 10% added to the cost of workroom and labor services is fairly standard business practice. This markup covers the time spent by a decorator in supervising the work to be done and the installation of the job.

4. *Extra expenses billed at cost.* The category of extra expenses covers all out-of-pocket and miscellaneous expenses incurred by a decorator in executing a job. In this letter, the decorator merely alerts the clients that they'll be billed for such expenses.

5. *Hourly rate with cut-off fee.* A decorator has the option to charge an hourly rate for services. This rate will vary greatly, depending on the area of the country in which you live and the type of decorating jobs you do. You may charge as little as $25 per hour when you first start out. After you've gained experience, you can charge around $50 to $75 per hour. This rate can be combined with other methods of compensation. For example, it's common for a decorator to receive an hourly rate for all work done, including floor planning, shopping, presentation and consultation, combined with a markup on furnishings.

Once you have a signed contract, you're ready to begin the decorating project. If the clients don't have blueprints of the room to be decorated, try to obtain a set from the builder. Otherwise, carefully measure the room and make your own scaled floor plans. Be careful to include window and door placements and other architectural elements, such as fireplaces, as you've learned to do. During this visit to your clients' home, conduct the first information-gathering meeting and in-depth client interview. Using the information you learn, fill out the Client-Needs Analyzer Profiles.

Developing a Decorating Program

Once you complete the in-depth interview and establish your clients' needs, it's time to finalize decorating requirements for the project. These requirements, which are called the *decorating program,* will be different for each decorating job. Preparing a decorating program involves detailing everything that the clients expect in the finished room scheme. It's an invaluable exercise in thinking through all of the functional needs of a particular room.

Ideally, you should first obtain all of the information you need and then transfer it to the pages of your Client-Needs Analyzer Profiles. Next, organize that material into statements

that express exactly what the clients need and want. The following is an example of a program a decorator might write for a living room project. The clients need

- Two separate seating areas—one near the fireplace, the other anywhere in the room, but relating to the first for seating large groups for parties
- A good reading chair with a footrest and nearby reading lamp—preferably near the fireplace for wintertime comfort
- A bridge table with four chairs for their monthly bridge club meetings
- Bookshelf space for a large library
- Adequate space for a compact disc player—high-quality speakers and storage racks for discs and tapes
- An optional color television, which could be placed in the family room to share with children

The more detailed the decorating program, the easier the decorator's task in realizing the clients' wishes. You can see now why it's such a good idea to make the clients work out exactly those activities that they intend to perform in a room. That information provides you with a framework on which to build the decorating program.

Pre-shopping for the Client

Pre-shopping is that part of a decorating job when you visit various suppliers to select items for the plan you're developing for a client. Shopping is a big part of the decorating business. Most projects require new furnishings, fabrics, window treatments, wallcoverings, floor coverings, and/or accessories. Finding and choosing these items means visiting decorator showrooms of manufacturers to see what products are new and available. As you begin to work out the decorative scheme, your familiarity with available resources will prove valuable. Invariably, you can spot something in the marketplace that will help you solve a particular decorating problem.

Your knowledge of product solutions goes hand-in-glove with first working out a floor plan. You may find an armoire that becomes the perfect focal point for a living room. A chintz fabric that you encounter at a fabric showroom may include the perfect colors for the sofa and draperies—and thereby dictate the color scheme for the entire room, including the walls, the floor, the accessories, and so on.

At this point, you're planning the entire room. Based on the clients' decorating program, budget, and your own familiarity with the available products, you're creating the room, assembling the elements, and finally preparing the placement of the furnishings for the clients' floor plan, using your training and skills in interior decoration. As mentioned, there's one more area of knowledge in addition to your training that will help you to create beautiful, livable rooms. That's your knowledge of what furnishings are available. New furnishings and fabrics are constantly being introduced. Available colors change with current trends, as do accessories. For each decorating job, you should plan a complete pre-shopping check of the marketplace.

When shopping, always carry a notepad, a pencil, and a spring tape measure (Figure 6). Be sure to take your client's work file along as well, because it will include color chips, swatches, and dimensions of anything that you already plan to use in the scheme. Prepared in this way, you can check for size information and color match as you shop. Of course, it's ideal to shop for more than one client at once because it saves you time and, therefore, money.

Your Source File

As you begin to decorate for clients, you need to start your own file of manufacturers' brochures and samples. This personal source file is where you can keep a working selection of fabric swatches, paint color chips, brochures, and catalogs of certain standard items you'll use again and again. Whenever you discover a new home furnishings line that you think

FIGURE 6—Be prepared when you go shopping for your clients. Be sure to take along a tape measure, a notepad or clipboard, and a pen or pencil.

you'll be using, ask the manufacturer for a catalog for your office library. Rather than calling the manufacturer or visiting the showroom each time you shop, you'll have the information available in your own office. You'll find that keeping an up-to-date file of your decorating sources will save you both legwork and telephone calls (Figure 7).

Most decorators keep two files or libraries, one for fabric and wallcovering swatches and the other for manufacturers' catalogs. File the catalogs alphabetically by the manufacturers' names. Group the swatches according to colors or areas of use—small prints for bathrooms and kitchens, large-scale patterns for upholstery and draperies, and so on.

FIGURE 7—This interior decorator has fabric samples from a manufacturer to help her create decorating plans right from her office.

Taking the Client Shopping

After you narrow the choices for your decorating scheme by pre-shopping (from your files and in showrooms), you may want to invite your clients to go to the showrooms with you. A trip with your clients can be useful in making the final selections when several different pieces would work well in the scheme. Your clients will usually prefer one item over another. Certain types of furnishings are personal and can be selected only by the clients. Everyone prefers to select his or her own favorite reading chair, for instance. Some chairs are comfortable for a tall person but won't work at all for a shorter one. You can't judge the comfort of a chair for your clients. They'll need to sit in it themselves.

Before you take your clients shopping in the trade showrooms, politely explain to them that they aren't allowed in these showrooms without a decorator. Some clients are surprised that this separate furniture industry exists and will try to use it themselves in the future. They may also be unaware of the discount price structure in showrooms for decorators.

The order form in Figure 8 is from a decorators' showroom. On this form, the column headed "Unit Price" indicates the *list price* (amount charged the client). Since this form is the decorator's copy, it also shows "less 50%" to verify the decorator's discount. In this case, the total amount of $4,910 represents the amount the client will pay the decorator. The decorator will pay $4,910, less 50% ($2,455). The decorator keeps the remaining $2,455 as a fee.

HAGERTY, INC. SHOWROOMS No. E05214

1220 Platt Avenue
Chicago, Il 60609

Phone 555-2121
Direct Factory Repesentatives
Wholesale Only

SOLD TO: Name DISTINCTIVE INTERIORS
Address MOUNTAIN LAUREL MALL
City CENTER CITY, IL 55555

SHIP TO: Name -SAME-
Address
City

Please remit to: Factory B. D. COLE
Buyer TED NORMAN
Date MAY 22, 20--
How Ship BEST
Cust. Order No. VERBAL
Representative HAGERTY
Terms: NET

Tag for: DR. & MRS. JOHN BURNS Customer: BURNS

Quantity	No.	Item	Description	Unit Price	Total
2	9606		FEDERAL ARM CHAIRS	655.00	1310.00
6	9607		FEDERAL SIDE CHAIRS	600.00	3600.00
			FINISH TO BE ADVISED		
				TOTAL	$4910.00
				LESS	50%
			PLUS PACKING OR CRATING CHARGE No Returns Permitted Without Factory Authorization		

Terms of Acceptance of this Order: Acceptance and delivery of this order to firm name inserted in "Sold To" portion of this order is on the basis only that firm is properly registered with and operates in compliance of all City, State and Federal Tax Laws and does properly file and pay taxes as required on this purchase and is qualified to purchase for resale only. Said firm assumes all responsibilities on this order in connection with said taxes mentioned herein. All sales and deliveries are F.O.B. factory.

FOR RESALE ONLY No Confirmation Necessary: By

DECORATOR COPY

FIGURE 8—Furniture Showroom Order Form

The furniture markups on decorator showroom furniture and the amount of the decorator's discount are privileged information. It's best not to discuss these amounts with your client. After all, you're the professional decorator and such matters are trade secrets.

The Presentation

Once you've developed your decorative scheme, the time comes to present the total package to the client. The presentation is an important moment, and you must prepare everything to best advantage, taking care of every detail. Leave nothing to chance or open to question. When you make the presentation, you'll be performing a true selling job that you want your client to accept enthusiastically.

The presentation is the moment that you've been working toward. All of your shopping and gathering of samples, fitting objects to floor plans and walls, and assembling various elements of the decorative scheme come into place now. The room you're decorating is becoming a reality. You want your clients to understand your overall scheme and choose to buy it. Therefore, it's up to you to make sure that the clients can readily see what the design is all about. That can happen only if you help them to visualize it.

Presentations differ somewhat depending on the complexity of the job and the clients. Basically they're composed of two parts: the visual presentation and the itemized costs.

The Visual Presentation

A *visual presentation* is exactly what it sounds like. It creates an impression of how the project will look upon completion. A separate visual presentation should be made for each room unless you're dealing with two rooms that are very closely related, such as a bedroom with an attached retreat area or a combined kitchen/family room.

Most visual presentations are displayed on *mounting boards,* large, stiff cardboards that are generally 2 to 3 ft wide. You can purchase mounting boards at any artist's supply store. The mounting boards should illustrate all of the various

elements of the scheme. Developing a presentation board is an artistic creation in itself. In fact, some decorators become so adept at creating visual presentations that they have trouble making the completed project look as good as their spectacular presentation!

Creating a presentation board. To prepare a presentation board, first assemble the elements you need—fabric swatches, color chips, photographs of any items you plan to use in the scheme, and anything else that might add to your presentation. Carefully arrange and glue these elements to the board in appropriate groupings—sofa fabric with swatches of fabric for throw pillows; fabrics of two facing chairs together; seat cover swatch for an entry bench with a color chip for the bench's enameled frame; or a piece of wallcovering with fabrics for furniture groupings that will be situated in front of it.

The sizes of fabric swatches, rug samples, window coverings, and paint samples should be in the same relative proportions in which they'll be seen in the room. For instance, the sofa and drapery swatches should be larger than the upholstery swatches for a side chair, ottoman, or accent pillows. As a rule, colors also should be in the same proportions as they'll be used in the room. This principle holds true except for very large color areas such as carpet and wall colors. For example, the visible wall area might be 10 times as large as the sofa area, but you wouldn't use a wall sample 10 times as large as the sofa sample. Common sense dictates that a smaller-size wall sample be used. However, even this rule must sometimes be broken. For example, if a patterned carpet or a boldly patterned wallcovering is part of the plan, samples should be large enough to give a true picture of what the eye will see when it's installed.

Along with color samples and fabric swatches, you may include catalog pictures of furniture pieces and accessories you plan for the room. Pictures of the lamps you've selected, for instance, and the types of vases or flower arrangements to be used help clients visualize the completed room.

As you group the elements on your presentation board, remember that the clients will judge the room-to-be by what they now see. Therefore, make your presentation as neat as possible. Hand letter all copy carefully and glue all elements

neatly. You should have no smudged ink or messy glue to mar the presentation. The client is much more likely to respond positively and to approve the scheme when your presentation is well prepared.

If you're planning only a window treatment and selecting only one particular piece of furniture, your presentation need not be this elaborate (Figure 9). However, plans and swatches help clients visualize even the smallest of decorating plans better.

FIGURE 9—If your job is to select a sofa with appropriate upholstery, pillows, and window treatment, your presentation board can be very simple.

Be sure to include the floor plan for the room so you can refer to the position of each item as you describe its appearance. If your entire board is filled with swatches, samples, and photos, use a second piece of board to show the floor plan (Figure 10). Display the color presentation board and the floor plan together for the client's viewing.

FIGURE 10—If your presentation is too crowded to include the floor plan, you can mount it on a separate smaller board.

Floor plans are sometimes colored with watercolors or colored pencils to reflect the colors of the room, for example, beige for the carpet, brown for wood chair colors, and so on. Unless you're using white or off-white boards, however, this can misrepresent the finished appearance. If the presentation board itself is a color, it's better to leave the floor plan uncolored. Presentation boards, however, are often referred to as *color boards* because they reflect the overall color scheme of the project.

Using renderings. Artistic sketches of the planned appearance of a completed room are called *renderings.* A rendering may illustrate a plan for a complete room (Figure 11), or it may show only one area of a room to make some specific point clear to clients. In Figure 12, for example, you're showing them how they can obtain extra storage space by adding a chest of drawers to an unused wall in the hallway.

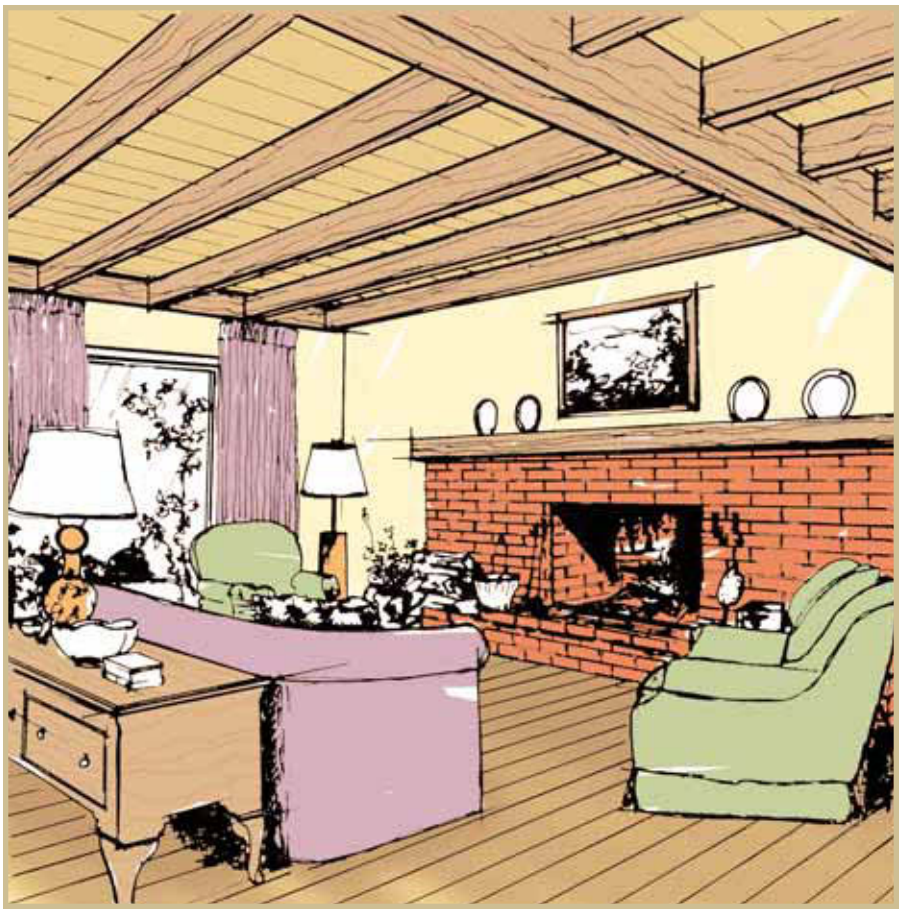


FIGURE 11—This rendering allows clients to see what you've planned for an entire room.

Renderings are a great way for clients to see how their room will ultimately look, but rendering is truly an art that often requires years of study to master. Sketching rooms requires a knowledge of perspective drawing, which, in itself, takes time and practice to learn. Some people are natural artists. If you think you might be one of them, try your hand at it. The whole idea of renderings is to sketch in loose and easy form all of the elements in a room. It's an impressionistic view of what the completed room will look like. Although colored renderings are outstanding forms of visual presentation, they're normally considered far too costly for all but very expensive jobs.

FIGURE 12—This rendering illustrates just one area of a room.

Sketching may not come easily to you, but you may have a knack for selling clients. In that case, don't waste your time trying to sketch. The trick in any business is to use

your talents where they're best employed. Why waste time trying to draw when your real ability is selling your clients verbally? If you have a genuine knack for drawing, however, you may be able to produce spectacular renderings. During a presentation, you may also use your drawing ability. Keep a pen or pencil and sketch pad handy to clarify a point or clear up an abstract idea by quickly sketching a picture for your client.

Once your clients have shown that they understand the visual presentation and are enthusiastic about it—whether presentation board or renderings or both—it's time to reveal the exact components that must be purchased, any labor that's required, and the cost of each.

The Cost List

The second major part of a client presentation is the *cost list,* or *budget estimate*—an inventory of all of the pieces that you wish to purchase along with the costs of items, the price of services, and your fee. This cost list is just as important as your presentation board. The presentation board is the artistic part of your presentation. Your cost list is the business end. It's a complete rundown of every item for each room. The list should show each new item and describe it fully (Figure 13).

The cost list should be presented to clients after the visual presentation has been discussed. Your own file copy of the cost list should also include the names of furniture manufacturers, the style numbers of new pieces, and specific fabric identifications. Don't include this information on your client's copy. For example, a listing on your copy might include the item "sofa," the manufacturer "Henredon," the style number "152907," and the price "$1,500." Furnishings that the client already owns should also be listed, but only as "brass table" or "six-pillow sofa to be reupholstered in blue floral blended fabric." Prices for new furnishings and alterations to existing ones should be totaled so that the client can see exactly what each room will cost.

Budget Estimate

Client name _____

Address _____

_____

Room/area to be decorated _____

Date _____ Proposed budget $10,000.00–$12,000.00

No.	Item Description	Cost
1.	New hardware, installed on existing buffet and shelves	$ 460.00
2.	67 yards sisal carpet @ $14.40 per yard, installed	971.50
3.	Dining room table	2,500.00
4.	Four down-filled pillows, in natural canvas	216.00
5.	Tea cart	750.00
6.	149 yards of white canvas upholstery @ $10.50 per yard	1,564.50
7.	Two existing settees reupholstered and slipcovered in canvas	900.00
8.	Two floor lamps	300.00
9.	Antique clock	1,500.00
10.	One corner banquette upholstered in white canvas with slipcover	575.00
11.	Four existing Louis XV oval-back chairs, repainted and reupholstered	950.00
12.	Circular banquette table	575.00
13.	Two wall-mounted sconces, installed	300.00
14.	Antique hutch cupboard (optional)	1,900.00
15.		
16.		
17.		
18.		
19.		
20.		
TOTAL ESTIMATE		$13,462.00

John D. Hastler

Decorator's Signature

FIGURE 13—Sample Cost List

At the end of the visual presentation, go over every item once again with the clients. Explain every feature of each item and the importance of that feature to the overall scheme. The ideal situation is to have the clients approve every item on the list, but usually they approve some items and reject others. As you go over your cost list, ask the clients to individually initial each of the approved expenditures. For instance, if they approve the carpet selection, ask them to initial that item on the list as your permission to order the necessary yardage.

Suppose one of the items on your cost list is a $3,000 sofa. Your client says, "I really don't want to spend $3,000 for a sofa. Can we slipcover the one I have to save money?" You need to anticipate such questions and be prepared with answers before the clients even ask the questions. If the clients want to reupholster a sofa instead of buying a new one, you need to be ready with alternate suggestions. This, of course, is when your library of manufacturers' catalogs and fabric swatches comes in handy. You also must know approximately how much these alternate furnishings and labor will cost—knowledge that you'll gain with experience.

Clients commonly request changes when the presentation is made (Figure 14). Few clients purchase a decorative scheme exactly the way it's presented. When this happens to you, don't feel that your artistic skills are being criticized. It's a matter of interpreting your clients' abstract desires. Clients often start with a vague idea of what they want, but when they see that idea in reality, they change their minds. You may have to go back to the drawing board several times to refine the scheme. To translate the clients' needs and desires into an acceptable scheme is an ambitious order, and you shouldn't be discouraged if clients ask for changes. If you leave the meeting with the clients' acceptance of part of your list, you should be pleased. You'll receive approval for the final pieces during subsequent meetings so that your project can proceed.

FIGURE 14—This interior decorator is presenting a decorating scheme that she made from building plans. Chances are that the client won't approve of every suggestion she has. She'll have to return to her plans and make some alterations.

Once in a while, a client will disapprove of an entire scheme upon the first presentation. That hurts! By the time you make the presentation, you've expended a great deal of time and even money on this project. Now you can see why the written letter of agreement is so important. Even in those rare cases when you and the client decide after the presentation that you simply can't work together, your letter of agreement should protect you by providing for at least partial reimbursement for the time you've spent on the project. Bear in mind, however, that your work to this point is actually part of your total responsibility, not a profit-making venture. For this reason, the fee you should expect to receive for the presentation only, if you don't complete the job, probably won't fully cover your time and expenses. Your profit, naturally, is realized upon completion of a job well done.

Sometimes, even if the clients approve none of your presentation (and hard work), you can still salvage the job. Perhaps you'll need to start over using an Oriental theme instead of Italian Provincial, or using burgundy (dark red) tones instead of bright red. When a rejection occurs, the cause is usually lack of sufficient communication with the clients in the beginning. When the clients said they wanted a beautiful red carpet, for example, you should have made sure exactly which red they had in mind.

Don't fret about having your presentation completely disapproved. It seldom happens, but if it should, find out why and use the experience as a valuable lesson to prevent it from happening a second time.

The Installation

The installation is a wonderful step in the decorating process. During installation, your ideas, color chips, fabric swatches, wallcovering samples, wood tones, window treatments, floor materials, and scaled floor plans all come to life. You'll begin anticipating the magic moment when your clients open the door and see the completed room. Everything builds toward that moment—all the previews, the shopping, the planning. How will the clients react? They may be so pleased that you feel it almost unnecessary to ask for your fee, but you'll take it anyway. You've earned it!

Between the approval of your presentation and this grand moment when the clients see the finished room, a tremendous amount of expertise must be brought to bear behind the scenes. In fact, this is often the most demanding, frustrating, yet most satisfying part of the entire project. To complete the project you may need to hire, instruct, and supervise several crews of workers. As the room develops, you may call on many outside tradespeople. You may need to hire carpenters, cabinetmakers, electricians, painters, wallcovering installers, plumbers, carpet installers, drapery or shade makers, and other specialized craftspeople (Figure 15). Sometimes the clients will hire these workers, but you're responsible for their performance regardless of who hires them. They're working on your designs to your specifications; therefore, the responsibility for the final results is yours! (We'll discuss dealing with outside trade sources and tradespeople later in this study unit.)

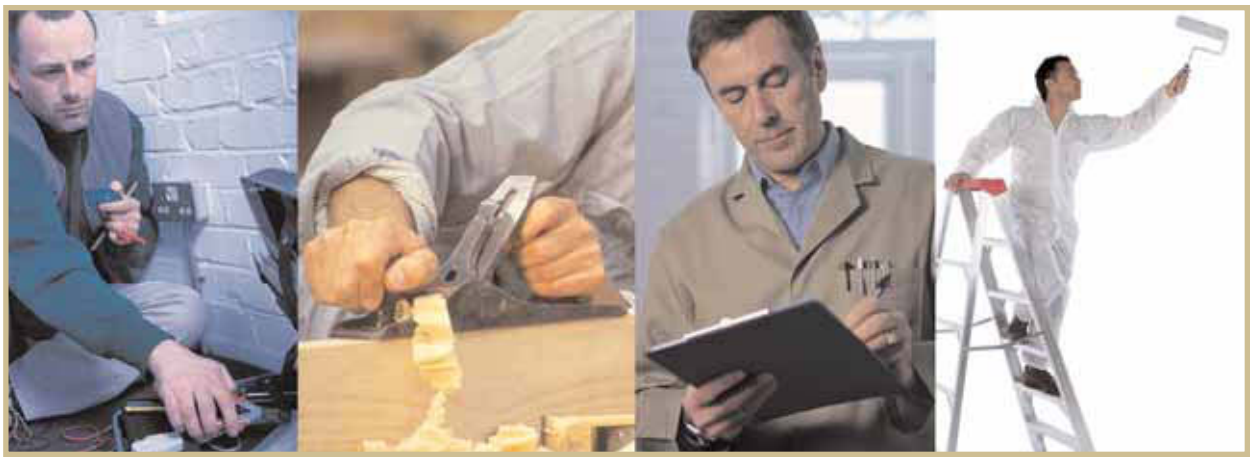


FIGURE 15—During the installation process, you may have to hire and direct a number of different professional tradespeople.

Scheduling the various work crews is absolutely crucial. You must meticulously think through every stage of the project so that each crew arrives in the proper sequence. You certainly don't want the electrician to install a chandelier before the carpenter has finished lowering the ceiling! You can't have draperies hung before the walls are painted or furniture delivered before the carpet is laid. For the job to progress smoothly, you must line up your tradespeople well in advance, possibly months before your estimated completion date. These artisans will actually help you estimate both your installation dates and your total price for the job. You'll use their bids and schedules to arrive at the dates and the final budget estimate you give your clients. It's standard procedure in many cases for a decorator to add a service charge to each work crew's quote. This covers your own time spent expediting and supervising the workers.

Often, several important operations must go on at once. For example, the cabinetry can be fabricated, the wiring installed, and the plumbing relocated at the same time. But what if furniture starts arriving during this time and your client has no place to store it? One decorator working in a big New York City shop has a particularly exciting solution. He gives his client a firm date for installation, one that allows him ample time to have the work crews complete their jobs. He has all of the furniture shipped to a storage warehouse (temporarily leased just for this occasion) well in advance of the estimated completion date.

When the installation day arrives, the decorator sends his clients out of the house and treats them to lunch in a fine restaurant. Meanwhile, he and his assistants move the furniture into place, arrange accessories, and place fresh bouquets of flowers around the room. The point is to have everything in place before the clients return and make the room appear as though it's already being lived in.

When his clients return at the appointed time, the room is complete and the effect is spectacular. His burgeoning business attests to the success of this approach. His clients remember that day for years afterward and tell their friends about it. What a dramatic way to culminate a project! It takes split-second timing and expertise to pull it off, but the excitement and happiness shining on the clients' faces prove that the efforts are all worthwhile.

Turning Over the Project

Until items are safely inside the clients' home and the installation is complete, the decorator is responsible for their care. When the installation is finished, presented to the clients, and approved, the responsibility for those items is transferred to them.

In the excitement of presenting the installation, a very important business point is sometimes overlooked—the *inventory list*—a list of every item purchased and every cost expended for the finished project. It's often similar to the cost list. However, the cost list is usually an estimate, whereas the inventory list is exact. If the inventory list happens to be the same as the cost list, have two clean copies of the cost list on hand so that one copy can serve as the inventory list.

Give one copy of the inventory list to the clients. You hold the other. Examine each item together—new furnishings, carpet, any trade work, every single detail. Give the clients a pen and ask them to check off each item as you both examine it. Ask them to write their signature and the date on each page as you proceed. Some decorators also ask the clients to add "okay," "received," or "satisfactory" on each page. You keep the signed copy and leave the other with the clients. The next day, photocopy the signed list and mail a copy to the clients

along with your bill, if it hasn't yet been paid. Some decorators believe it's best to ask for payment at the same time the clients approve the completed job and okay each item on the cost list. Others wait to mail a statement on the following day.

The importance of a signed inventory list becomes apparent when, several days or even several weeks later, a client calls and asks, "Where is the antique Chinese vase I was supposed to have received?" or says, "I refuse to pay this bill because the painter left big marks on my wall." This isn't an insinuation that clients break items or damage walls and then try to get out of paying. Things like these do happen, however, sometimes quite unintentionally. Frequently a carpet stain, wall mark, or disappearance of an item can occur without your clients knowing exactly when or how it did happen. Of course they would like to think it occurred before their own responsibility began. But if you've obtained the signed inventory and returned a copy to the clients showing their signatures, this kind of misunderstanding won't occur.

Assessing Your Work

Your first professional decorating job is an important milestone. The things you did well and the things you did less than well tend to loom very large in your mind. To help you assess how well you did and determine how you can continue to improve, use the checklist in Figure 16 after you complete your first decorating job. Then, use it at regular intervals later to polish your professionalism.

Ideally, you should be able to mark off all of the questions in the checklist. Any items that you don't check will give you a good indication of the areas in which you need to improve.

HOW PROFESSIONAL WERE YOU?

1. When I took on the job, did I . . .

   _____ look professional when meeting the client?

   _____ make sure my surroundings looked good as an advertisement for myself?

   _____ express my professional interest in the client's project?

   _____ show the client examples of my decorating jobs in my portfolio?

   _____ have good rapport with the client?

   _____ feel confident I could produce the particular job the client wanted?

   _____ believe the client would be reasonable to work with?

   _____ believe the client would be financially responsible?

   _____ get a clear indication of the client's budget for the job?

   _____ explain my fees carefully and fully?

   _____ present a letter of agreement for the client's signature before proceeding with the job?

2. When I worked on the job, did I . . .

   _____ visit the client's job site and gather the information indicated in my Client-Needs Analyzer Profiles?

   _____ pre-shop for the client?

   _____ take the client shopping for items when the client's personal selection was important?

   _____ make a good, fully developed visual presentation?

   _____ provide an item-by-item budget estimate and obtain the client's approval for each item?

   _____ make every effort to accommodate the client's wishes, submitting substitutes for approval for those items that the client didn't approve?

3. During the installation, did I . . .

   _____ place orders and schedule deliveries and installations in such a way as to complete the job most economically by the promised date?

   _____ follow up on orders and schedules to be sure there were no misunderstandings or delays?

(Continued)

FIGURE 16—Use this checklist to evaluate your interior decorating skills.

HOW PROFESSIONAL WERE YOU?—Continued

_____ personally supervise the installation, giving my full attention to the smallest details?

_____ formally turn over the completed project, having the client sign each item and each part of the job?

_____ present my bill promptly?

4. Now that the job is done, . . .

_____ is my relationship with the client such that the client will probably come back to me when he or she wants another decorating job done?

FIGURE 16—Continued

Before you go into residential interior decoration, you need to know how to operate your decorating business. You must be able to establish fees, write letters of agreement, run your office, and keep records. You also need to deal with the tradespeople who bring your decorating schemes to life. You'll learn all about these topics in the remainder of this study unit. Before you go on, however, please complete *Self-Check 1.*

Self-Check 1

At the end of each section of *Starting Your Own Business,* you'll be asked to pause and check your understanding of what you've just read by completing a "Self-Check" exercise. Answering these questions will help you review what you've studied so far. Please complete *Self-Check 1* now.

In the spaces provided, indicate whether each of the following statements is True or False.

_____ 1. A portfolio shows your prospective clients exactly what fabric swatches you've chosen for their decorating job.

_____ 2. A presentation board should include your diploma from Penn Foster.

_____ 3. If your clients request changes when you make your presentation, you should refuse because you're a professional decorator and you know best how the room should look.

_____ 4. A letter of agreement should be signed by both you and your client.

_____ 5. When you make an inventory list, you should have your client check off each item as you both examine it and sign and date each item.

_____ 6. To succeed as a decorator, you must rent expensive office space in a posh neighborhood.

_____ 7. At your first meeting with your client, you should dress professionally but with style.

Check your answers with those on page 107.

THE DECORATOR'S SUPPLIERS

If decorating consisted only of shopping and dreaming up beautiful room schemes, an interior decorator's life would be a dream. But an equally important part of becoming a successful decorator is knowing how to turn the dream into reality. Whereas the decorating ideas might come strictly from you and your clients, the finished project may require the expertise of painters, plumbers, manufacturers of specialty items, carpet layers, drapery makers, and many more specialists. For this reason, many decorators work as apprentices for other decorators or in specialty areas to gain experience before launching their own business.

Decorators depend on these specialists to complete a project. Some are directly involved in providing the items to be used (such as suppliers of carpet, paint, wallcoverings, furniture, or accessories). Others fabricate your custom designs (such as drapery and curtain makers, upholsterers, and cabinet-makers), and many others make your floor and wall treatments a reality (such as carpenters, electricians, and plumbers).

The Decorating Team

As an interior decorating professional, you'll frequently work with a team of people who carry out your ideas. You'll be "captain" of the team, responsible for directing each play of the "game plan." To choose your team players knowledgeably and direct their jobs efficiently, you must understand how their functions relate to your own.

Categories of Team Members

Many specialists help interior decorators and their clients to complete a decorating job. Here are the general job categories of specialists who make up a decorating team:

- *Tradespeople* are specialists in the many areas of general construction, such as carpenters and painters.

- *Custom fabricators* are specialists, such as drapery makers and upholsterers, who make articles especially for your needs.
- *Suppliers,* or *vendors,* are specialists from whom you purchase furniture, wallcoverings, lighting fixtures, and the like.
- *Support groups* are the firms whose products or services are necessary to make all of the other team members' jobs work. Two examples are short-term warehouse rental firms that store furniture prior to installation and movers who transport furnishings from the warehouse to the installation site (Figure 17).

FIGURE 17—Warehouse and delivery support groups are essential to your decorating business. (Reprinted with permission from Ethan Allen Home Interiors, Clarks Summit, PA)

As you plan a room, you'll begin to see which specialists you'll need. Are there structural changes to be made, such as moving a doorway or changing a window? What about recessed lighting or additional electrical outlets to be installed? special built-in cabinetry, wall niches, or bookshelves? re-covered items? custom-covered furniture? windows to be covered? wall paneling or wallcovering? new carpet?

Every change or addition to a room will require the services of one or more of these specialists.

Working with Specialists

When ordering an item as a decorator, you must think through the whole program. When should draperies be installed? When must fabric be ordered to allow sufficient time for shipping and construction? Who will install them—drapery workroom personnel or another specialist? Who will take final measurements, and when? Will there be undershades? hardware? cornices?

Every detail must be well thought out in advance, but don't feel that the entire burden is yours alone. You're captain of a team. You must give the proper orders to each team member and ensure that each carries out his or her part of the plan. All members of the team are specialists in a certain field, and all are eager to help your project succeed so you'll select them for your next project. Don't hesitate to ask for suggestions from each specialist. Good teamwork allows everyone to contribute to benefit the whole project (Figure 18).

As the person hired to oversee a total decorating job, you're responsible for the results. Specialists vary in skill, experience, reliability, and competence. Be careful in your selections!

To manage your decorating project efficiently, you need to appreciate and understand a large part of each team member's business. Maybe you don't know how to upholster a sofa, but you need to know enough about the task at hand to talk knowledgeably with the upholsterer. The more you know about the technical nature of decorating services, the more creative you can become. True creativity stems from understanding all of the possibilities at hand. Specialists expect a

FIGURE 18—A beautiful period room such as this didn't just happen. It took a lot of planning, coordination, and effort from many people to come up with the finished product. (Furniture manufactured by Hickory White Company, High Point, NC 910-885-1200)

certain level of knowledge from you, because you're a professional. Also, you're vulnerable to being taken advantage of if you appear to be unaware of the working mechanics in certain fields.

In many instances, specialists can help you solve your own on-the-job decorating problems. For instance, suppose your clients want to install a beautiful, but extremely heavy, antique chandelier. Is the ceiling strong enough to support it? Will the necessary wiring be possible? You're probably not qualified to judge. However, you can list these questions and pass them along to your clients, who may want to consult and engage a contractor who can determine how much weight the ceiling will hold.

Sometimes decorators become familiar with a group of specialists who become their private brain trust. If a decorator isn't quite sure how to get something done—or whether a particular design is possible at all—the decorator has a trusted specialist to ask. Consider the design of a shelf, for example. Perhaps you want the shelf to appear unsupported, floating out of the wall, with no brackets showing. These shelves, however, must be strong enough to support books and records. Can it be done? A cabinetmaker can offer suggestions. He or she knows the structural principles and may even be able to suggest a style of shelving you don't know about that will achieve the proper effect.

A Typical Team

Let's assume that you've worked with your clients to plan the remodeling and redecorating of a living room and den. Together you've chosen and ordered furnishings, carpet, and window treatments. Wall paneling, wallcoverings, paint, and trim enamel have also been chosen. Now it's up to you to achieve the result that the clients expect. Let's look at the many team members necessary to complete the project.

1. A painter will paint walls and trim as specified.
2. A wallcovering installer will hang wallcoverings. (In a small town, a painter might perform this task.)
3. A *finish carpenter,* also called a *cabinetmaker,* will make shutters for the den window and build and install custom bookshelves. (This specialist may or may not stain and finish the items. If not, the painter, or sometimes even a finishing stain specialist, must complete the job.)
4. A drapery maker will make and install living room curtains and draperies.
5. Several suppliers will fill your orders for furniture, accent pieces, and accessories.
6. A carpet house will supply the new carpeting.
7. A carpet layer (installer) will install the carpet because wholesale carpet houses often don't provide installers.

8. A warehouser will store the furnishings from the time they start arriving until the final installation.
9. Movers will deliver furnishings from the warehouse to the client's home.

This list represents a typical decorating team. It can be larger or smaller, depending on the job and the tradespeople, suppliers, and other specialists you choose. You can see that your job of coordinating team members, giving each specific instructions, scheduling their work time, and following every step can be an enormous responsibility. By the same token, a successfully completed job can give you enormous satisfaction.

Now that you understand how important the decorating team is to your total success on a job, let's investigate what you can expect from each team member. Once you and the supplier come to an agreement about the job and price that's acceptable to your clients, you must place an order. These orders can be placed with a purchase order from you (or your client) listing every detail of the job, the agreed price, and dates of execution.

Now, let's examine how an interior decorator works with each category of specialists: tradespeople, custom fabricators, suppliers, and support groups.

Working with Tradespeople

Tradespeople are behind-the-scenes workers who can make or break even the most careful plans. A wavy wall, a paneling job with exposed nail holes, wall paint splattered on a ceiling, carpet with ripples—any one of these mistakes will ruin the most beautiful decorating scheme. Even if tradespeople guarantee their work, you must have the job done right the first time. For this reason, decorators seldom shop for the least expensive specialist. They use tradespeople who take pride in their work, who are dependable, and who appreciate the importance of their jobs to the overall decorating effort. These artisans are used again and again, because these qualities are far more important in decorating than simply getting the job done as cheaply as possible.

Until you find the best specialist for the job, it's good practice to get several quotes. As you ask for quotes, remember to give each person the exact same specifications. Explain your job in complete and identical detail to each specialist. Be certain that the estimate that each specialist submits to you also includes a written job description. You don't want to discover after the job is done that many of the things you specifically asked for weren't included in the quote.

In the decorating trade, you may need to call on a variety of tradespeople for assistance. You may have an idea for a light fixture or a built-in cabinet. Be sure to make these suggestions to the client, but let the client contract these types of specialists. When it comes to electricians, plumbers, and carpenters, try to avoid contracting these services for the client yourself. Merely make the suggestion and allow the client to contract the tradesperson. This practice means less risk and liability for you and your business.

Electricians

Lighting is a dynamic decorating device. It can be an exciting mood maker. The more flexibility that light has in a room, the more it can be modulated, dimmed, diffused, or focused for highlighting. The result is greater excitement in the room. Lighting can make the difference between a warm, alive room and a dull, static one. Proper lighting is inviting, whereas glaring, harsh lights tend to repel people.

Not all electricians are licensed, so be sure anyone you suggest or recommend is licensed. Much electrical work requires a permit from the local city or county building department (as a safety measure), and must be checked and approved by an inspector. A licensed electrician is far better prepared to get the proper permit and to pass inspection.

Allow your clients to explain to the electrician what they want in regard to rewiring, adding a fixture, and so on. It's best to allow the electrician and client to develop a contract and work order, rather than giving orders that you may not be qualified to give.

Carpenters

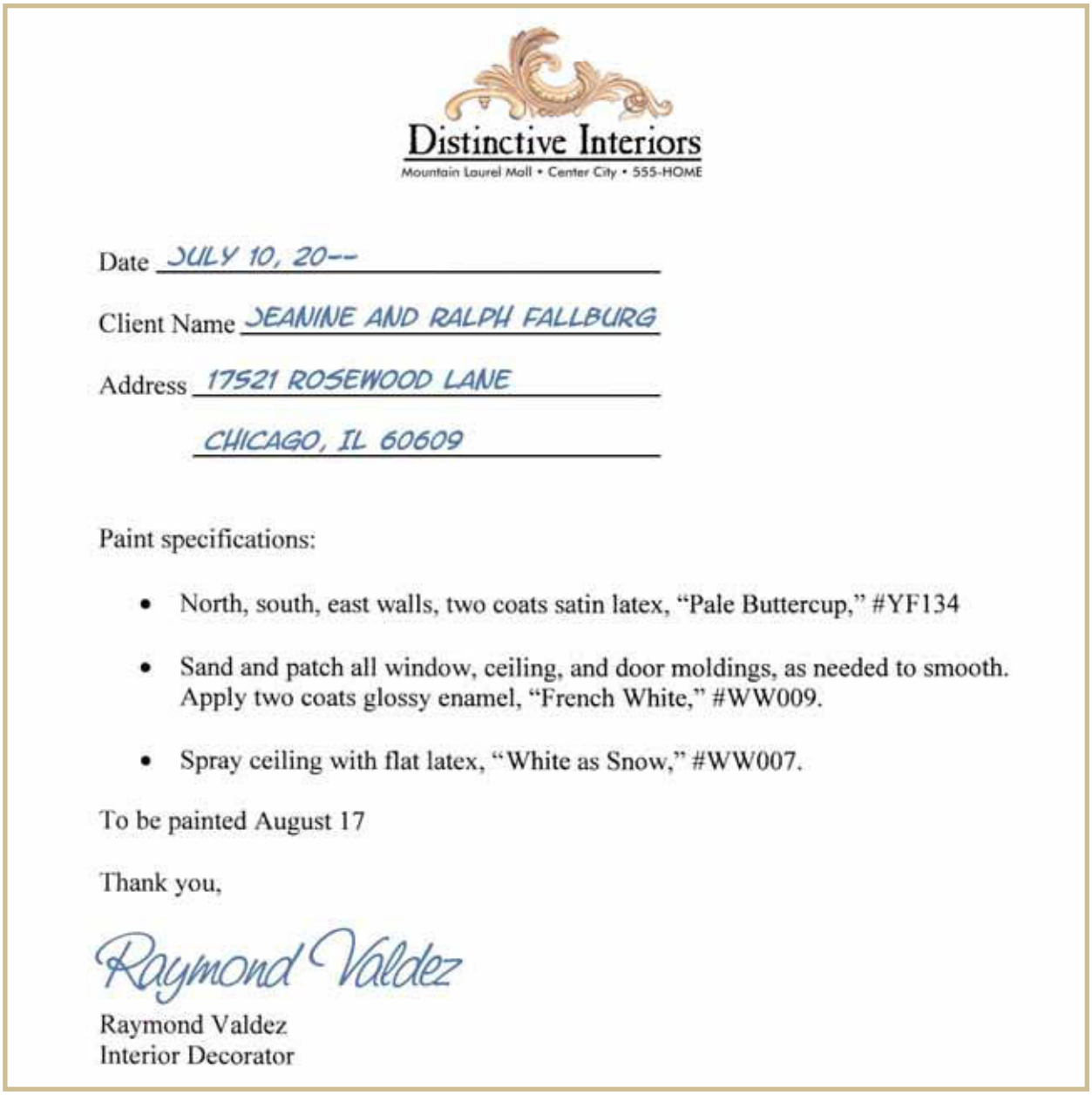
In some cases, decorating projects involve some form of carpentry. You should work with carpenters skilled at the particular task you need completed. Generally, there are two types of carpenters:

1. *General carpenters* are construction specialists. Your client should show the carpenter the exact dimensions of the job and any special details to be included. Often, a carpenter will also need to know about special treatments and construction details. If you want a particular type of molding, for instance, you should provide the carpenter with an appropriate drawing or picture.
2. *Finish carpenters,* or *cabinetmakers,* are the true craftspeople of beautiful interiors. It's rare to find a general carpenter who is also a skilled finisher. Custom cabinetry, special molding treatments, built-ins, fine shelves, wainscoting, and decorative trims are the stock-in-trade of a finish carpenter. These skilled woodworkers usually demand high pay, but they're essential for details made with painstaking care and precision results.

Painters

When you deal with any tradespeople, state your requirements in specific terms, even the most obvious points. Your idea of a "nice blue" and the painter's idea of a "nice blue" might be the difference between baby blue and periwinkle. Painters, like other tradespeople, should be given absolute, unambiguous instructions. You can't simply say, "Please paint the room a light yellow." You must answer questions like these: Is there to be an undercoat or primer? Should the walls be spackled and sanded first? Are there cracks to be patched? Are these items included in the painter's price? Does the price include the ceiling? Does it include the moldings and baseboards? How about the sashes of the windows? How many finish

coats are required? Who does the touch-ups after other workers have tracked through and nicked the walls? What type of paint should be used—enamel, latex, satin finish, or glossy? And which tint of "light yellow" do you want? Your exact and complete requirements (specifications) should be given to the painter in writing (Figure 19).



Distinctive Interiors
Mountain Laurel Mall • Center City • 555-HOME

Date JULY 10, 20--

Client Name JEANINE AND RALPH FALLBURG

Address 17521 ROSEWOOD LANE

CHICAGO, IL 60609

Paint specifications:

- North, south, east walls, two coats satin latex, "Pale Buttercup," #YF134
- Sand and patch all window, ceiling, and door moldings, as needed to smooth. Apply two coats glossy enamel, "French White," #WW009.
- Spray ceiling with flat latex, "White as Snow," #WW007.

To be painted August 17

Thank you,

Raymond Valdez

Raymond Valdez
Interior Decorator

FIGURE 19—Put all instructions in writing and be specific to avoid misunderstandings with your decorating team.

Wallcovering Installers

Sometimes a painter works closely with a partner who installs wallcoverings. You shouldn't feel compelled to work with both partners, however, if each isn't the best person for the job. Properly trimming and aligning wallcovering requires skill, and not all of those in the business are equipped to do the job correctly. In addition to knowing how to perfectly align and trim wallcoverings, installers must know how to mix and apply the right adhesives, depending on wallcovering materials, the surface to be covered, and use of the area. For example, if an installer doesn't know to add an antimildew product to the adhesive used for certain bathroom wallcoverings, your client may have a problem with mildew or loose paper within weeks after the job is completed.

You should specify in *writing* precisely how you want wallcovering hung. These specifications are especially important when the wallcovering has a definite pattern. If you want the pattern centered behind a sofa, state so and indicate exactly where the sofa will be located. With that information, the installer should be able to align the wallcovering strips so that the pattern radiates from behind the sofa.

Decorators complain that installers frequently hang wallcoverings on the wrong walls. When this happens, it's often due to poor instructions from the decorator. In addition to giving the installer written directions indicating exactly where paper is to be hung (with exact dimensions), the safest way to ensure proper paper placement is to write the instructions directly on the walls (Figure 20). With chalk or a graphite pencil, write the word "paper" across each wall that's to receive wallcovering. If every wall in the room is to be covered, make a note on each wall or write "Paper entire room" on one wall. Never use a grease pencil or crayon for this purpose. They're made of wax, and the wallcovering adhesive won't stick to wax. If wallcovering is installed over the wax writing, the result can be wrinkles that might even "spell out" your scrawled message after the adhesive has dried everywhere but over the wax.

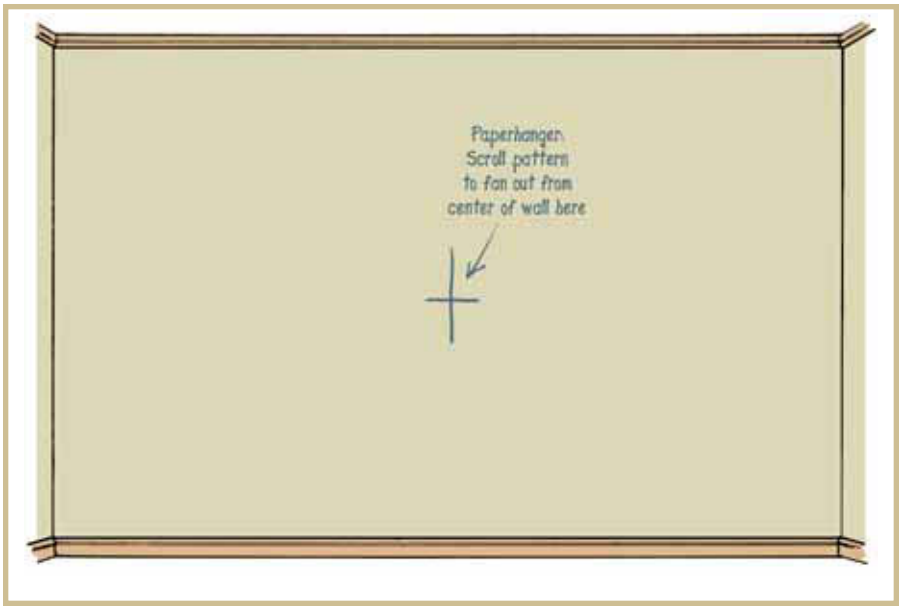


FIGURE 20—If a wallcovering with a large pattern is to line up at a particular spot, show the installer—right on the wall—where it's to go.

Plumbers

When moving or changing plumbing lines, special permits and inspections are often necessary. Therefore, your client should hire a licensed plumber. When your client's decorating plans require plumbing repairs, have your clients contract the plumber. Never continue with a job where leaking pipes or other plumbing problems might ruin new wallpaper or freshly painted walls. Avoid the liability question by postponing the job until your client's plumbing has been repaired.

Carpet Installers

When you purchase carpet from wholesale houses, you must often hire your own carpet installers. The ability to hand-stitch curved seams is a special skill that's often required for curved stair risers and special design treatments. Since this isn't a common talent, be sure to ask each installer how he or she finishes seams. If the installer can't hand-stitch, don't con-

sider that person for complicated jobs. Make it absolutely clear to the carpet layer which room, hallway, or stairs gets carpet and what color of carpet to install at each location.

Hard-Flooring Installers

Ceramic tiles, bricks and pavers, wood flooring, and sheet vinyl are the most common examples of hard flooring. All must be measured and installed precisely because, unlike carpet, hard flooring can't be stretched. For this reason, good carpet layers are rarely good hard-flooring installers. The two jobs are just too different. Tiles that aren't perfectly fitted will crack and chip; wood flooring will buckle. Like all other members of a decorating team, hard-flooring installers must be selected with great care. Be very specific when describing where the flooring is to be placed.

Working with Custom Fabricators

Custom fabricators are decorating artisans who help you create interiors that are truly personal and unique. Custom-made furnishings are more expensive than comparable ready-made items. However, the time you would spend shopping for the perfect ready-made colors, patterns, fabrics, and designs that will achieve the special look you want would probably double or triple the total cost to your client. Very seldom would the total decorative scheme compare to what can be accomplished with custom selections.

Fabricators are usually hired by the decorator. You're responsible for ordering, scheduling, and paying the fabricators.

Upholsterers

Clients often take a good upholstery job for granted, but poor workmanship can spoil an entire job. In larger towns and cities, the best upholsterers often work only for decorators. They're sometimes difficult to locate because many decorators guard these sources with secrecy. (The same is also true for good wall-covering installers and cabinetmakers.)

When shopping for a fine upholsterer, ask to see items presently in production. Spend time in the workshop and keep your eyes wide open. Look for quality workmanship. Good upholsterers are, of course, more expensive than mediocre ones, but well worth the cost to both you and your client. If you must cut the cost of an upholstered piece, do so by choosing a less expensive fabric that's still of good quality rather than give the job to an inferior, less costly upholsterer.

You'll generally pay a little less if you order the fabric from an upholsterer rather than providing it yourself. There are two main reasons for this lower price:

1. If you provide the fabric, the upholsterer loses the markup he or she would have made by selling you the fabric. Therefore, to recover this loss, the upholsterer must charge more for labor.
2. Upholsterers can almost always purchase fabric for less than a decorator can. This savings obviously benefits both you and your client.

Once you begin working closely with an upholsterer, keep in your office sample books of fabric that the upholsterer sells so you can choose from those.

When placing a custom upholstery order or getting a bid from an upholsterer, explain every detail in writing. Don't rely on verbal agreements. Supply a picture or rough sketch and/or write highly detailed design specifications. Be very specific and unambiguous so that you get what you want. Precise specifications also are essential in case the finished product doesn't meet your specifications. With written specifications you can prove that you didn't get what you ordered.

Drapery Makers

Curtain and drapery making require special training and acquired skills. Because window sizes often aren't standard, custom decorating is almost always required. The style of the decorative scheme determines the general style of window treatment as well. Also, the color and texture of fabric is of vital importance to the overall look. These requirements necessitate finding a drapery workroom that makes custom window treatments.

When you've developed ideas for the window treatment, take a sketch to the workroom. Your sketch can be rendered quite loosely, as long as it's clear enough to present your idea. Don't hesitate to ask drapery makers for advice. Such experienced advice is invaluable for a beginning decorator.

Also, be prepared to answer the drapery maker's questions. For instance, the drapery maker may question you about the types of pleating or shirring you want. How wide should the border be at the top and bottom? What type of rod will this be hung on? What type of window is being covered? Will the drapery be lined? If so, you must plan for lining yardage. When you're first beginning, you may not feel comfortable answering all of these questions. Don't be afraid to ask for suggestions and recommendations from the drapery maker.

Although most drapery makers can work from the window measurements along with your sketch or a picture of the treatment, a scale drawing may be required if the treatment is especially complicated or novel. Make absolutely sure that the two of you are talking the same language. Don't merely describe a detail, such as "pinched pleat," but actually point out a sample of what you want. Each drapery maker has his or her own language, which may be slightly—or even greatly—different from yours.

When requesting a bid on draperies and curtains, be sure to include all of the necessary details. However, it's best to have the fabricator measure the windows and place the fabric order. This way, the drapery house is totally responsible for the final fit. A decorator may sometimes overlook a small

measurement detail that's of vital importance to the finished drapery. If you provide the measurements and fabric requirements, you must assume responsibility for the finished product. It's much better to meet the drapery maker at the site and let him or her measure the windows and accept the responsibility for the job.

Other details to include on the bid request are

- The type of rod to be used (this information indicates special attachment treatments, if any)
- Ordering of hardware and rod
- Any additional fabrications such as valances, cornices, tiebacks, separate thermal liners, and so on
- Installation of the finished product

If any of these details is overlooked in your original bid, the extra expense may have to be paid from your profit.

Most drapery makers not only agree to, but also insist on, making the final installation. Always schedule drapery installation after painting and flooring are complete.

Mirror and Glass Cutters

Special glass and mirror cutters may frequently be hired for custom decorating jobs. Avoid submitting dimensions for the spaces to be filled. Instead, give approximate sizes and let the cutter measure the space. Then it's the glass cutter's responsibility and expense if a piece of glass or a mirror must be recut.

Building Resources

Building resources will be a continual part of your daily business activity. Therefore, you should subscribe to as many local and national trade publications as you can. The most prominent national magazines are *Interior Design* and *Interiors and Sources.* Other sources for valuable resources are *shelter magazines,* which are lifestyle magazines geared to home

decor, furnishing, and gardens. Examples of shelter magazines are *Elle Decor* and *House Beautiful*. These magazines supply contact information for all advertisers, including furniture manufacturers and suppliers.

Trade showrooms are also an integral part of building resources for an interior decorator. Before you take clients to a showroom, it's a good idea to visit the showrooms to establish a relationship with them. You must determine the individual showrooms' procedure for working with decorators and eliminate those showrooms whose products and services you don't need.

Many retailers (Pier One Imports, Bed Bath and Beyond) and direct-mail businesses (Restoration Hardware, Williams Sonoma Home, and Ballard Designs) offer discounts to designers and decorators. You must first check with corporate offices or customer service at these businesses to determine discounts and the procedures for registering for discount programs for decorators. To qualify for the discounts, you must provide a copy of your tax resale certificate as well as your business card. Never expect a salesperson or cashier to be familiar with these discount programs.

When working with local furniture stores and local accessory shops that you may wish to use as resources, always see a manager and discuss with him or her your business and their procedures for working with decorating professionals. Always establish this procedure well in advance of taking a client to any resource.

The Internet is also a valuable resource builder. Many suppliers make it possible for interior decorators to register online and receive full-color catalogs, wholesale price lists, and shipping charges.

Figure 21 illustrates a sample resource letter that you can use to solicit resources for your business.

Distinctive Interiors
Mountain Laurel Mall • Center City • 555-HOME

March 12, 20—

To Whom It May Concern:

We are a professional interior decorating business specializing in residential and yacht interiors. As a stocking dealer, we are ready for immediate purchases and request shipment of samples and catalogs.

Please send us your latest dealer catalog with binders, color samples, and swatches, along with a retail/wholesale price list to the address above. A representative is welcome to call for an appointment when convenient.

We are looking forward to adding your company to our list of valued resources and look forward to hearing from you soon.

Sincerely,

Susan Chavez

Susan Chavez

FIGURE 21—To solicit resources for your interior decorating business, you can send companies a letter similar to this one.

Establishing Credit with Suppliers

As your business develops, you'll most likely want to establish credit terms with your suppliers. When you're just starting a business, getting credit can be very difficult because you have few references to provide. It will take time before you can establish a good credit reputation.

When you start your own business, your personal credit accounts are extremely important. Your past record of payment for charge accounts and credit cards will be examined. In fact, you might want to stop by your bank and get to know a bank officer personally. When you open your business account, tell the officer that you'll need letters of recommendation to establish credit. Such personal contact can be extremely helpful when you begin dealing with manufacturers and showrooms. Letters from an attorney or your business accountant attesting to your good credit standing can be helpful, too.

Developing Source Files

All of the many tradespeople, custom fabricators, suppliers, and support groups make up one of the most valuable tools of any decorator—a *source file.* Consider preparing a separate file for each special grouping—for example, a file for tradespeople, another for custom fabricators, and another for suppliers (Figure 22).

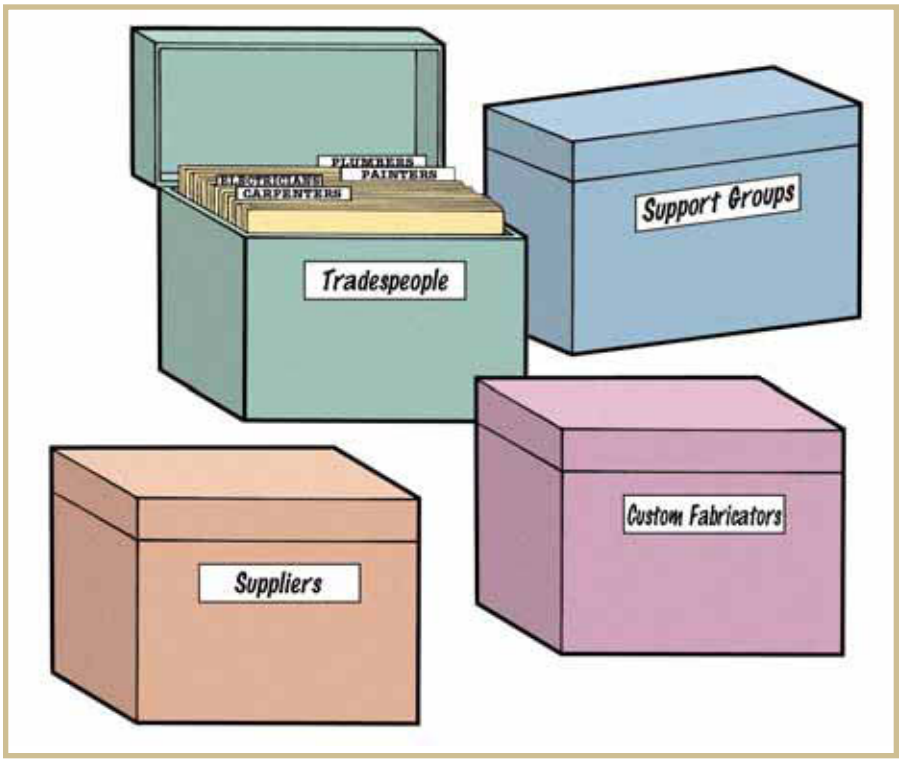


FIGURE 22—A good way to organize your source files is to prepare a separate file for each group of sources.

In each file box, create subdivisions. For example, in the box for tradespeople, you may make a separate division for electricians, carpenters, painters, wallcovering installers, plumbers, carpet installers, and hard-flooring installers (Figure 23). At the top of each card, write the type of tradesperson, followed by any necessary contact information (address, telephone number, e-mail address, and so on). Make notes on each card to help you select the best source for your next project. Typical notes might be "Good general carpentry but doesn't do finishing" "Request Bob or Harry—not Paul," or "Always underestimates total time."

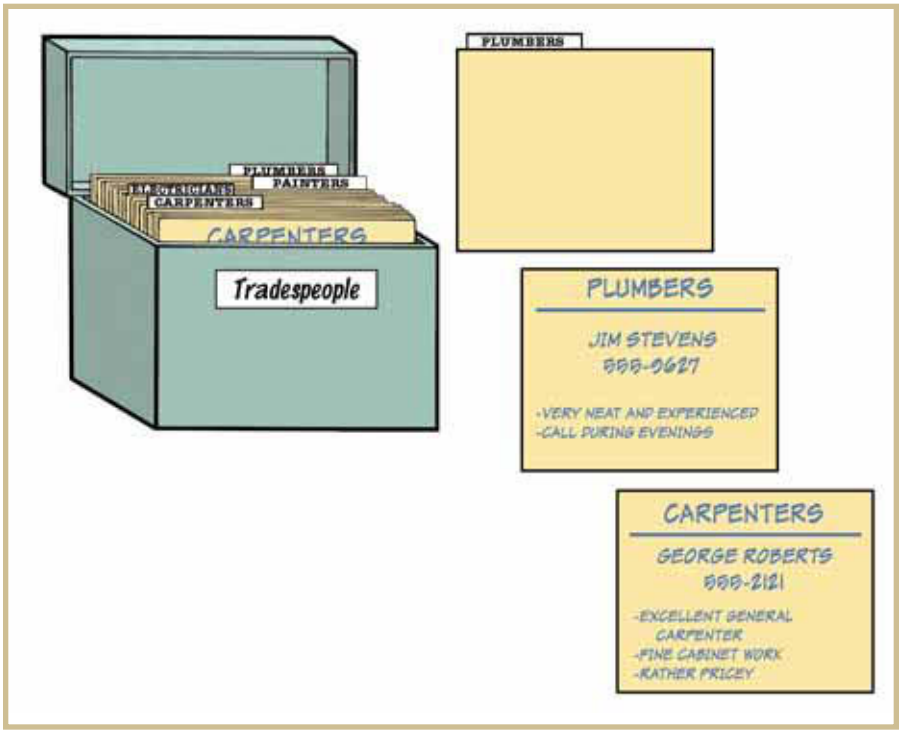


FIGURE 23—Your source file for each category should include contact information, along with notes about the type and quality of work the person does.

In the case of tradepersons and custom fabricators, even if you don't hire the workers yourself, you'll want a complete file so you can recommend the best source to perform the job. When you recommend someone, you can sometimes expect that tradesperson to pay you a referral fee. To avoid possible misunderstandings and disagreements, be sure to establish the amount of your fee and how it will be paid before you send the client to the tradesperson or fabricator. The amount is often 10% of the total amount paid to the source, but it can be more or less, depending on how many

referrals you're in a position to make. If you send a great deal of business to someone, the referral fee is sometimes as much as 20 to 25%!

One young decorating student, gaining practical experience working as a decorating consultant in an upholstery fabric shop, earned more money referring fabric customers to upholsterers than she received in wages. She knew which upholsterers excelled in covering overstuffed couches and chairs, which ones took special pains with tapestries and needlepoint, and which ones were best for refinishing wood trim on upholstered items. Customers as well as fabricators greatly appreciated her referral service. Everybody profited from the referrals, including her.

If you personally order custom fabricating as a part of your decorating job, you'll probably find it necessary to set up a more extensive filing system. Use folders, with headings such as "Drapery Makers," "Upholsterers," and so on. Keep brochures, lists of services, and any notations (both good and bad) from previous experiences in these files.

When you start filing your suppliers' names, set up special folder files, alphabetically according to subject, using headings such as "Wall Units," "Accessories," "Lighting Fixtures," "Bedroom Furnishings," "Kitchens," "Baths," and so on. When such generalized files become unwieldy, further streamline categories with more specific divisions. For example, if your file for "Accessories" becomes too full, you can develop divisions such as "Accessories—Antique," "Accessories—Brass," "Accessories—Glass," "Accessories—Nautical," "Accessories—Pictures and Posters," and the like.

Support groups can usually be filed in the back of your tradespeople source file. Under a major category of "Support Groups," you can have subcategories for "Warehouses," "Movers," "Delivery Services," and so on. You should note any special service features on each card—for example, evening and weekend deliveries.

Your source file can save you many hours of shopping from store to store. Organize it and know it well.

Securing Samples

All professions have certain working tools that help make their jobs easier. The decorating profession is no exception. Among the working tools for decorators are manufacturers' catalogs and fabric samples.

A decorative scheme is made up of many elements. As you become more proficient, you'll more easily visualize the rooms you decorate. You'll begin to see how your scheme will look and function almost as soon as you begin to work on a new floor plan.

A well-stocked sample book of fabric swatches simplifies your job. Many projects begin with a fabric or a wallcovering that establishes the color scheme. Having a good selection of fabric and wallcovering samples on hand is a real time-saver when you're working out a handsome decorating scheme under a tight deadline. In addition to saving you time, having such samples on hand will save you the expense of traveling from place to place to view samples.

As you shop the market and visit decorators' showrooms, you'll undoubtedly see appealing fabrics, wallcoverings, carpets, accessories, and furniture. Some of these may work into a current scheme; others are just food for thought for future projects. To build up your sample library, request samples of what you like. If you need a large sample of fabric or wallcovering to test in a room, it may be supplied to you *on memo.* On memo means that the showroom asks you to sign a memo slip noting the fabric style, number, and price. The showroom keeps this as a record that you've taken the sample for your office. Most fabric showrooms ask that these samples be returned within a specified period of time, usually two to four weeks. If the samples aren't returned by the due date, you'll receive a reminder notice or a bill for the samples. If you purchase yardage of the fabric or wallcovering, this charge can be credited to you against the purchase price.

Don't request a large fabric or wallcovering sample unless you believe it will fill a particular need. For your source files, small sample books are far more appropriate. Such books are

usually sold to customers; however, you can usually check them out (like a library book) and pay no fee as long as you return them at the specified time.

Catalogs of accessories and other furnishing items can be obtained at showrooms or by mail. Many are free if you send a letter of request on your business stationery. Using business stationery lets the manufacturers know they're dealing with a professional and not sending expensive catalogs and special decorator price sheets to the general public. Often manufacturers require payment for catalogs, which is deductible from the amount of any purchase. For example, if you pay $20 for a special period stylebook of wallcovering and matching fabric samples, you can deduct that amount from the price of your first order of any item from the book. Suppliers know that decorators love to have large source files, but they also want to give expensive sample books only to those who will buy from them.

Starting Samples Files

Become acquainted with the many sources of decorating items by sending for as many free and low-cost samples and catalogs as possible. Each time you look through a decorating magazine, watch for ads that feature free brochures. Send your name and address (on your business stationery) and request the brochure or catalog mentioned.

House and home magazines are especially good sources for getting a start on samples. Even women's magazines offer ads that feature informational items. As you become more selective and wish to limit your sources to only those offered to the professional decorating field, shop from professional interior decorating magazines. You'll find that the publications for professionals are so accustomed to decorators requesting samples and brochures that they include a special mail-in card with boxes to check for the manufacturers whose products you wish to know more about.

Lists of sources for contract furnishings are published periodically within trade publications such as *Interiors* and *Interior Design* magazines. Subscribe to one or more of these professional trade publications to learn about residential sources as well.

Your job as an interior decorator comes down to this: To see that the entire decorating project runs smoothly, from conception to installation. When you accept a job, you're responsible not only for the creative input, but also for putting it all together. You must plan the whole project, outlining and organizing who does what and when they do it. Keeping tabs on good professional workers and suppliers will enable you not only to do your job, but also to do it successfully. And one successful project can lead to many others!

Self-Check 2

In the spaces provided, indicate whether each of the statements is True or False.

_____ 1. A referral fee is the fee you charge your client.

_____ 2. Decorator showrooms are open to decorators who have a business card.

_____ 3. Your client is responsible for the final look of a project.

_____ 4. *On memo* means your memory of your client's instructions.

_____ 5. A finish carpenter generally charges more than a general carpenter and can do more detailed work.

_____ 6. Use a graphite pencil to write instructions on the wall for the wallcovering installer.

_____ 7. If you need to save money on an upholstery job, choose an inexpensive upholsterer.

Check your answers with those on page 107.

BUSINESS BASICS AND RECORD KEEPING

Do you long to own your own business? The freedom of being your own boss is one of life's greatest satisfactions. Fortunately, the decorating business lends itself well to an individual operation. In the beginning, one person can handle a small decorating business (Figure 24). Getting started doesn't require a great capital outlay and can be done with little or no inventory. You can start small, handling one or two projects at a time as you gain experience. You can operate from your own home and, most important, you can enjoy yourself while earning your own living (Figure 25).

FIGURE 24—So you're in business. You have your first clients. What do you do now?

Many beginning decorators start by helping a friend or a relative with a decorating project. Many decorating shops—even famous ones—are small organizations made up of a head decorator with or without a partner and with one or two assistants. Clients often prefer these small, intimate decorating firms that provide a one-to-one relationship with the decorator. The decorator and client can build a rapport and a feeling of trust that's sometimes difficult with a large firm. Once you establish a good relationship with your clients, they'll use

FIGURE 25—The ideal office for an interior decorator immediately shows the client something of the decorator's ability. (Photography courtesy of Drexel Heritage Furnishings)

you again and again. Sometimes business relationships continue into the next generation as well, with decorators creating interiors for their clients' children.

Decorating can be costly, and few people can afford to complete an entire task at one time. Clients may begin with a small project, perhaps only repainting a living room and reupholstering a sofa. Never scoff at what looks like a small job. More than one decorating firm has been launched by just such a request. One successful job can lead to many more. The clients who start with a small job might end up redecorating an entire home over a period of years. If they're pleased with your work, they'll call again and again.

Sources of Help

Along with learning interior decorating, you must learn as much as you can about the practical aspects of managing a business—any business. A business operation has its own special rules and regulations. Some procedures are directed by local and federal laws. Others have to do with paperwork, such as bookkeeping, record keeping, filing, correspondence, billing, and purchasing. As your business grows, you may

find yourself involved in employee management, customer relations, stock and inventory control, and general administration. None of these tasks has anything at all to do with your knowledge of interior decorating. Running a business is a responsibility. You'll eventually need to decide how much time you'll spend operating your business versus the time you spend decorating. As your business grows, you may decide to hire someone to handle the business responsibilities.

Take advantage of all expert help you can get. You'll probably need an attorney and an accountant. An attorney can help you fulfill city, county, and state regulations pertaining to conducting business in your area. An attorney can also advise you about which form of business is best for you, such as a single proprietorship, a partnership, or a corporation. Each type of operation has its own specific regulations. When you start your business, you might need to file papers with the state, account for sales tax, report income tax, and maintain special files. With professional help, you can avoid many pitfalls.

If you start small, handling only a few projects a year, an accountant can help you establish a set of working books geared to your business and advise you about record keeping. If your business begins with a bang and you find that clients are beating a path to your door, you may need to hire an accounting service part-time.

Types of Businesses

One of the first decisions you must make relates to the type of business you want to operate. Generally, you have three choices: single proprietorship, partnership, and corporation.

Single Proprietorships

The simplest business structure is the *single proprietorship* (Figure 26). A decorator can conduct business under his or her own name or choose a company name, like Modern Decorators, for example. Single proprietorships have both advantages and disadvantages. The main disadvantage is that in the eyes of your creditors (and by law), your personal

assets (house, car, stocks and bonds, and even your personal bank account) are considered part of your business assets. If you're involved in a business lawsuit and lose, for instance, your personal assets can be confiscated to pay the settlement. But for a small business, especially one just getting started, a single proprietorship makes sense. It's highly improbable that the projects you'll handle could possibly result in a major lawsuit. If such a chance does exist, you should carry liability insurance to protect against this remote possibility.

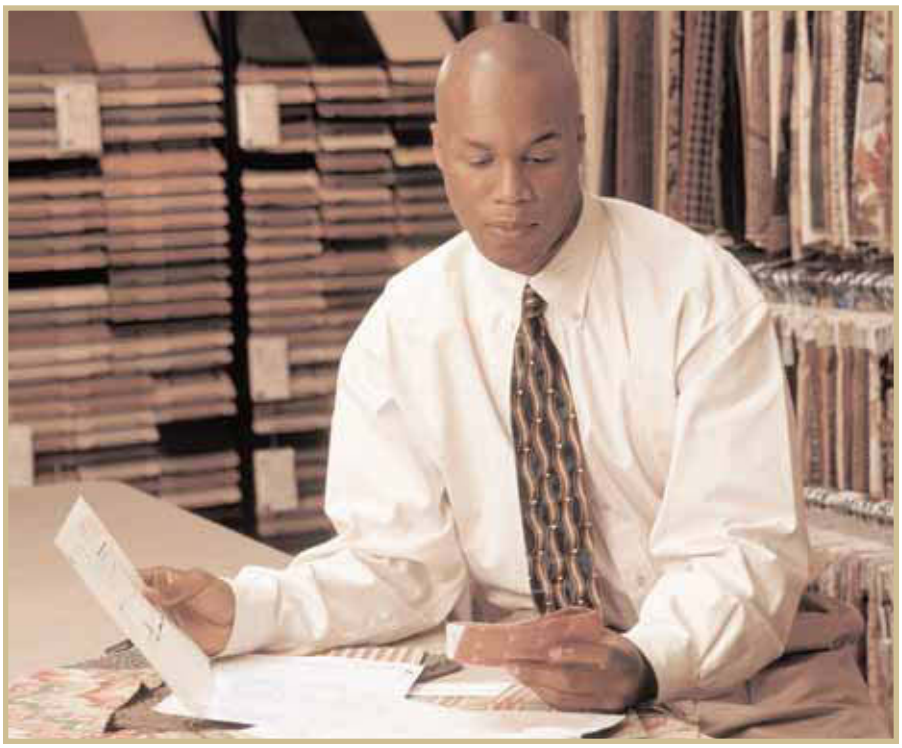


FIGURE 26—In a single proprietorship, one person owns and operates the business.

A decorator who conducts business in his or her own name doesn't need to file special *Doing Business As (DBA)* forms, whereas a decorator doing business under a different name must file a DBA. These DBA forms record the name of the person or persons responsible for the business. Such information is required by law in all states. For example, Denver Designs may be the DBA for Sam Taylor; or it could be the DBA for several persons who own and are doing business as Denver Designs. Because decorating is such a personal business, many beginning decorators prefer simply to use their own name as the business name, for example, Mary Johnson Decorating Service, John Hamilton Designs, or Decor by

Patricia Yaeger. Unless both your first and last legal names are used, you must file a DBA. Check with an attorney or your local city or county clerk to learn the legal details in your area.

To open a bank account for your new business, you'll probably need a DBA. Banks usually request such a legality before advancing credit to a new company. Without any legal proof of authorization, the bank may not want to cash or collect checks made out to Denver Decor.

Partnerships

When two or more decorators go into business together, they can establish a *partnership* (Figure 27). The procedure is similar in setup to an individual proprietorship. Again, you must file DBA forms with your local city or county clerk. You may choose to use your individual names, such as Dane and Smith Designs, or you may select a trade name like Unique Decorating.

FIGURE 27—A partnership combines your talents with those of others. To protect all parties concerned, a written agreement should spell out all the terms of partnership.

As far as the legal commitments are concerned, all partners are liable for any business debts to the same degree that they hold the partnership. Partnerships can be formed on any basis, such as 50/50, 60/40, and so on. Depending on the type of financial arrangement and responsibilities, each partner is taxed as an individual.

Any agreement between partners themselves isn't a matter of public record. There are so many possibilities for agreements between two people who do business together that each partnership tends to be unique. It's wise to consult a lawyer to draw up a partnership agreement. This simple step can save bad feelings in the future and alert all partners to any immediate concerns. Although everyone enters a business relationship with the best intentions, unforeseen circumstances can upset even the happiest of partnerships. Having an agreement in writing that explains the duties of all parties is insurance against future misunderstandings.

Corporations

Forming a *corporation,* although it may sound complicated, is a relatively simple matter. There are legal advantages that may make incorporation well worth your while. A corporation is an entity unto itself. It has a life of its own, a legal identity over and above that of its directors. Under state laws, a corporation has certain obligations that continue beyond the death of its directors or governing board. The business life of a corporation necessitates stockholders' meetings, auditing of accounts, and special reports—all of which must be done on a periodic basis.

In the case of a small corporation, the owners usually are the board of directors and the stockholders. Legally, the debts incurred by a corporation are distinctly corporate. In other words, the stockholders and directors aren't personally liable in the case of an adverse legal settlement. The owners are liable only for the capital they've actually invested in the business. Their personal assets are safe from any unpaid corporate debts or legal settlements.

Also, the death of a director (owner) doesn't terminate the corporation. This concept is important for decorating firms dealing with large corporate clients. A corporation that commissions the decorating of a large hotel prefers to know that the job will be completed even if the main decorator should die, retire, or move away. Although you probably won't be involved in corporate decorating, your clients will be pleased to know that their projects will be finished.

As a decorating firm grows in size, incorporation makes sense. A corporation can often take advantage of tax savings that a single proprietorship or a partnership can't. Pension plans, profit sharing, and other devices can offer legitimate tax shelters. A pension plan or profit-sharing plan permits you to put away a substantial part of your earnings, tax free, in the years when you're making the most money. In fact, the entire tax structure is generally simpler for a corporation, although you may find that taxes are higher. In a corporation, you'll be taxed on both corporate profit and also personal income.

Tax deductions for your car, for your office (especially when in your home), and other business expenses are sometimes questioned by the Internal Revenue Service (IRS) if you operate as an individual. The tax auditor can argue that you use your car for personal as well as business use and allow only a portion of the deduction. Yet if your corporation owns the car and charges its expenses to a corporate account, the entire charge is deductible. This condition holds true for many business expenses that are paid directly by a corporation.

Forming a corporation requires the services of an attorney who will help you draft the necessary papers and file them with the state. An attorney will also get approval for your corporate name, issue the corporate stock, make a rough assessment of its value, and advise you on the best way to handle your taxes. For tax purposes you should also consult with a tax accountant.

Special Licenses

When you start your own decorating company, you'll probably have to file for a *business license.* In most states this license is filed at the same time as your DBA. Call the clerk's office in your town or city to learn where the forms must be filed. You may also need to file similar forms on a county or state level. Don't overlook this important step. It's the law in most states, and it establishes you as officially and professionally in business. Your clients will want to deal with a decorator who has a business license, and your creditors will require your business license number each time you make a purchase.

You must also have a *state resale license* if you intend to purchase items on a wholesale basis. You can't purchase from manufacturers, distributors, or showrooms without a resale license number. Your city clerk's office can tell you where you can obtain the paperwork to obtain this license. A resale number registers your name as a retail business in your state and allows you to purchase furnishings at wholesale cost without paying state taxes. The point of your exemption from taxes is that you're purchasing the items to be resold to your clients. You'll collect the state tax from the clients (based on the retail price) and pay it to the state. Some states also require that you fill out *seller's permits* (Figure 28), which are available at business stationers. These forms provide resale information to suppliers.

If you hire a full-time employee, you must also obtain a state employer's number. This number is necessary for tax and Social Security purposes. Contact your local city or county clerk's office to learn where to file the forms.

FIRM NAME

I HEREBY CERTIFY That I hold valid seller's permit No._____ issued pursuant to the Retail Sales Act of 1933; that I am engaged in the business of selling _____;

that the tangible personal property described herein that I shall purchase from _____ will be resold by me in the form of tangible personal property; PROVIDED, however, that in the event any of such property is used for any purpose other than retention, demonstration, or display while holding it for sale in the regular course of business, it's understood that I am required by the Retail Sales Tax Act to report and pay the tax measured by the purchase price of such property.

Description of property to be purchased:

_____

_____

_____

_____

_____

Date: _____ 20_____

Phone _____

at

Purchaser _____

By and Title _____

Address _____

_____

FIGURE 28—Seller's Permit

Finding a Location

Working from your home is usually the best bet for a beginning decorating business. Not only does it keep overhead costs down, but it also allows you to use your own home as an important advertisement for your decorating talents (Figure 29).

FIGURE 29—It doesn't require a large investment in furnishings to create an impressive setting for meetings with clients. A few good pieces and well-placed accessories can create an excellent impression. (Furniture by Century Furniture Industries)

The Home Office

A den or library is an ideal setting for your home decorating office (Figure 30). A pleasant atmosphere that's a cross between an office and a comfortable living room is best. Clients will get an impression of your decorating style by the tasteful way you decorate your home office. If you plan to convert a room into an office, choose one that's close to a formal entry, preferably the front door, so clients won't have to

wander through your home to get to your office. A room with an outside entrance is ideal if at all possible. If you don't have an extra room suitable for your office, you can conduct business from your living room. In this case, you may want to keep your records and files in another area to avoid the appearance of office clutter.

FIGURE 30—A neat, but well decorated, area in your home is appropriate for your decorating business. Maybe your first decorating job should be to create an office for your business.

Commercial Office Space

As your business grows, you may want to move your office to commercial space. There are many factors to consider when deciding where to locate your office. Each of the following locations has its own distinct advantages, and only you can decide which is best for your business.

Your neighborhood. You may have an established reputation in your neighborhood. If you live in a close-knit community, your neighborhood may have its own built-in clientele. Friends who know your decorating skills and people who have seen your home or who are former clients are all prospects. Local tradespeople may already know you and may be more likely to extend credit as you get started in your neighborhood business. On the other hand, your potential for growth may be limited. Established neighborhoods tend to be stable. People may not refurbish often enough for you to profit, and new buyers may not be numerous enough to keep you busy.

Business areas. Many business areas have office space for rent. Often there's one particular street or section where stores are especially prosperous. Renting office space in or near such an area is usually wise. Because of the business and customer traffic at the other stores, you can conduct business from a storefront where foot traffic will pass your windows. A handsome window with a constantly changing display of fine fabrics and furnishings can entice customers to stop in. When someone comes in, you can usually start chatting about a decorating question or problem. This can be the beginning of a new project for you.

In older sections of town, buildings are frequently full of architectural character. If you want instant atmosphere, you might be able to find a handsome building that needs some cosmetic work. You can add a new awning, for instance, or perform an interesting face-lift with paint. People can be attracted to your office by the imaginative way you decorate your storefront facade. It's a form of advertising, and if they like it, they may hire you for their next decorating effort.

The lower rent of an older or a new suburban location often gives you more space for your money, possibly enough space to open a small retail shop as well as a decorating office. Decorators who choose storefront locations and set up striking window displays often end up in the retail business simply because people stop in and ask about the lamp, table, or fabric in the window. If your taste clicks with the public's taste, you may develop a good business just by supplying unusual furnishings to a walk-in clientele.

Affluent areas. Locating your business in an affluent area often makes sense. Most people who understand, desire, and can afford professional decorating are wealthy. People who spend more money to buy their homes also tend to spend more making them beautiful. Your visibility in an affluent area can put you in an ideal spot for getting such business.

Combined decorating-retail studio. A small retail business combines very nicely with a small decorating studio. Decorators often stock their own accessories, lamps, ashtrays, ceramics, flower arrangements, and vases because it pays for them to do so. When the decorating business is slow, either you or an assistant can keep busy supplying customers who want to purchase your attractive items. If you plan to show decorator items for sale, don't rent space on an upper floor of a building. Foot traffic is best on the first floor.

Establishing and Expanding Your Clientele

The best part about being in the decorating business is that everyone is a potential client. A reporter for a major newspaper tells this story. Her beat was covering decorating and architecture, subjects considered insignificant in comparison to the international events, politics, and social problems reported in the newspaper. However, when she found herself in the company of important journalists and newsmakers, what do you think they talked about? Not world politics, but decorating! "Everyone has a decorating question," she says. And it's true. Conduct this simple test. The next time you're at a social gathering chatting with a stranger, let it be known that you're a decorator. Then just stand back and listen as the questions fly.

Decorating is an area in which most people lack confidence. Those who claim to be experts on just about any other subject back down when it comes to decorating. There's something intimidating about taste and style. Like modern art, everyone knows that decorating is important and they should appreciate it, but few claim to really understand it. All of this

uncertainty makes your role simpler. You're the expert. You're the one who can help your clients realize the interiors of their dreams.

Free Advice

People's homes are especially important to them; their homes express their outer image to others. They tell the world who people are and how they think about themselves. People want their homes to be impressive and yet comfortable. This great desire makes finding clients easier than you may think.

Nevertheless, you'll probably have to scramble for those first few jobs. It definitely pays to offer some favors in the form of free decorating advice. Help out your family and friends. Advise them how to decorate their homes. Help them select furniture and find that perfect kitchen wallcovering or bathroom light fixture. Become involved with their decorating desires and influence them enough so that you can ultimately take credit for the results. This step helps to build up a portfolio of your work and gives you practical experience and on-the-job training. It also increases referrals and references, the mainstays of any business.

The nation's top professional decorators stress that no advertisement brings them more business than *referrals*. These are the word-of-mouth recommendations from happy clients to their friends. Nothing sells like a satisfied customer. Whenever you enter a working relationship, be sure that you complete it satisfactorily. Remember that each successful job is your gateway to many more new ones.

Business Cards

Business cards provide a relatively inexpensive means of self-advertisement (Figure 31). Have a quantity of cards imprinted with your business name, address, telephone number, e-mail address, and Web site (if you have one). Also include any area you specialize in. If your business doesn't have a particular name yet, you can simply use your own name with a word or two below it that describes what you do, such as "Interior Decorating" or "Residential Decorating." If you're a member of a professional decorating organization, indicate that on your card as well.

FIGURE 31—A professional business card effectively reminds people that you're in business.

A business card indicates that you're a professional businessperson. You should give your card to everyone you know, including friends, family, business acquaintances, suppliers, tradespeople, retailers, and so on. After all, everyone lives or works in an interior that needs to be decorated at some time or other.

Signs and Window Displays

Make sure that your business signs are tasteful and clearly visible—no matter where you choose to locate. If you have a display window, make it a pleasure to behold, and change it frequently so that people who pass often will always find something new to look at and enjoy. Remember that lighting has a powerful effect. In the evening, be sure that your windows are aglow with a dramatically lit display. This display can be as simple as a beautiful arrangement of flowers on a side table, bathed in the glow of a small but intense spotlight.

Home Buyers

Anyone who has recently purchased a home (new or old) is a prospect for decorating services (Figure 32). Often these homeowners don't know how to coordinate their old things in their new home, and they may even want to start from scratch. Most new homeowners want and need help. That's where you come in. Get to know new home developers and real estate firms. Offer to give their customers free advice in

exchange for getting a list of home buyers. Print flyers (or even a small, four-page newsletter) and send them to the new homeowners. Tell them who you are and what you can do for them. Offer a rebate or discount on some services. There are many ways to entice new customers to seek your advice. You might offer a special decorating seminar. All you need to do is creatively think how you can fulfill their decorating needs.

FIGURE 32—New home buyers are a great resource for your decorating business.

Advertising

How much should a beginning interior decorator advertise? The answer is "not very much"—in terms of dollars and cents. Newspaper and magazine advertising normally needs to be undertaken on a regular ongoing basis to obtain the desired result of making a lasting impression in the minds of the public. That costs money, and the price increases with the size of the ad. Frequently, people getting started in any business make the mistake of thinking that the bigger the ad, the bigger the attraction. They're naturally disappointed when the big ad doesn't bring in enough business to even cover its expense. Consider placing a small ad in your local paper, stating who you are and what your services include.

Yellow Pages. Probably the single most important piece of print advertising any new business can do is to place an ad in the Yellow Pages of the local telephone directory (Figure 33). Listing your interior decorating business in the Yellow Pages

is well worth the cost. Many businesses swear by the response from this source. In many cases, advertising in the Yellow Pages is the only continuous advertising that a small business actually conducts, and it should be planned with care.

FIGURE 33—A small display ad in the Yellow Pages of your phone directory is a good way to get the word out about your business.

First, decide what type of advertisement you want. Do you simply want to be listed alphabetically along with other interior decorators, or do you want space for a display ad? If you choose a display ad, be sure you state exactly what your business is, but keep your copy simple. Too many written words tend to discourage people from reading the ad. Use simple typefaces without frills. Quick information is what the reader of the Yellow Pages is looking for.

It's also worthwhile to pay a small additional monthly charge to have your business name listed in bold capital letters in the white pages of the telephone directory.

To evaluate how effective your advertising program is, always ask prospective clients how they heard about you. Keep this information on file. You'll quickly find out which means of advertising is working best for you.

Contacting local stores. Get to know the people at local department stores if they don't have in-house decorating services. Stop in frequently and let the salespeople know that you're in the decorating business. Ask them to refer people to you and leave them a stack of your business cards to hand out. When a client is referred to you, send a small gift or note of thanks to the salesperson.

Trading and volunteering your services. Trading services with other professionals is yet another way to increase your clientele. You can suggest redecorating your doctor's or dentist's office in exchange for referrals. Offer to volunteer your services to a local hospital, church, library, or museum. Ask only that you be allowed to install a small plaque stating "Decorating services provided courtesy of _____." Such volunteer services can even generate a story in the local newspaper that will help your reputation as a decorator become more widely known.

Be careful, however, that you don't become a full-time volunteer decorator, spending all of your time giving away your talents. When you volunteer to give your services, make it quite clear what those services include. Point out that you're in business, your volunteer services are limited, and that you must charge a fee for any additional services beyond what you already specified.

How to Charge Clients

Interior decorators generally use two common means of charging clients—the straight-fee method and the markup method. The straight fee is rather self-explanatory. It's a set fee for decorating services. The markup method refers to buying items for the client at wholesale prices, charging the client retail prices, and pocketing the difference as profit. Let's explore both methods of charging.

Straight-Fee Method

A *straight-fee method* involves arranging for your client to pay a set amount of money for your decorating services. This fee might be a flat fee for performing specified services, or it may

be a percentage of the total budget on a project. Architects and many contract decorators use the latter method. An architect normally charges the client a straight percentage of the overall building budget, usually between 12 and 15%. If, for example, the building budget for a new house is $100,000, the architect's fee would be 15% of that, or $15,000.

The advantage of the straight fee is that the decorating service is recognized for what it is—a valuable service being performed by a professional. You're offering advice, counsel, and expertise, and you're being paid specifically for those services. Straight fees are flexible because you can adjust the fee to fit the project. A small project can be billed for a flat fee and a larger one on a percentage basis.

Markup Method

The *markup method* is a long-established system of charging. It involves purchasing furnishings at a discount and selling them to your clients at a marked-up price. The difference between what you pay (the wholesale price) to what you charge your client (the retail price) is your profit, or *markup.* Most of the closed decorator showrooms are set up to do this type of business. Wallcovering and fabric firms that sell to decorators operate only in this way.

Here's an example of how the system works. Suppose you choose a sofa for your client's living room that retails for $2,000. Let's say that your discount from the showroom is 30%. (Various showrooms offer different discounts. Check with each one to find out what their procedure is.) In this case of a 30% discount, you would purchase the sofa for $1,400. However, you would still bill the client for $2,000. The difference of $600 is your payment.

This basic arrangement holds true on anything that you purchase for your client, provided that you deal only with wholesale firms. If you shop in local furniture or department stores, you obviously wouldn't receive such discounts because their prices are already retail. You would then have to charge your client in another way for your shopping time in retail stores, perhaps at an hourly rate.

In the markup method, you're charging your client a fee to compensate for the talent and time you invest in planning a project and shopping for furnishings. The advantage of charging your client retail while you purchase wholesale from closed showrooms is that the fee structure for expensive furnishings is quite high. Often the discounts you get more than compensate for the time that you may spend on a project. As you've seen, the mere act of selling your client a $2,000 sofa puts $600 in your own pocket. For this reason, decorators sometimes offer clients a discount on the retail prices of some items, and they still make a good profit.

The markup method is most commonly employed by small decorating services for residential clients. And the method is justifiably fair. For the retail price of $2,000, the clients received a beautiful sofa that was custom-made or, at the very least, custom selected for their living room. In addition, they received a professional decorator's services in planning the room, coordinating colors, creating an overall decorating scheme, and shopping for the perfect sofa and fabric. This probably involved a minimum of two meetings with the client, several hours planning and drawing a floor plan, more time creating color and decorative schemes, at least one pre-shopping trip, a shopping trip with the client, ordering and scheduling delivery of the sofa, and, probably, another trip to the client's home to view the sofa in place and suggest decorative accessories. In other words, for the price that the clients would normally have to pay for a sofa, they received the sofa in addition to all of these other services. They got a bargain. You earned a good fee. Everybody benefited.

Remember that when you use the markup method of charging clients, you must also be prepared to charge straight fees when you perform special services other than purchasing merchandise. Straight fees are also the best choice when you must perform too many services to be adequately compensated by the markup method.

Charging Special Fees

A decorating project includes a great deal of time and talent often not noticed or recognized by the client. You must spend a good deal of time meeting with your client, hours at the drawing board putting the design on paper, and more time shopping the market for the appropriate furnishings. Your aim is to charge the client a fair fee that compensates for all of this hidden, behind-the-scenes work. Your client is seldom aware of even half the time that goes into decorating.

You may need to charge an hourly fee for certain additional parts of a project. For instance, perhaps the job calls for sketches, working plans, and additional artwork that your markups can't adequately cover. Explain this to your client in advance and agree upon additional charges. For instance, if you have to direct tradespeople, explain that you must charge a fee to do so, or as mentioned before, you can charge a percentage markup for working with and directing tradespeople.

For certain consultation situations an hourly fee is in order. Let's say that a young couple comes to you for advice only. They may have just purchased a new home and would like a floor plan for furniture placement, as well as a basic color scheme, and some suggestions on what major pieces of furniture to buy. They want to shop and carry out the scheme themselves over a period of time. In this case, the best bet is to charge them an hourly fee for your consultation services. Ask them to provide their room dimensions and then discuss the scheme on the spot. For an hour or two of your time, they can invest in a master plan for the future. This might include a floor plan with the furniture sketched in place, a basic color scheme, as well as a list of proposed furnishings. If the young couple goes away pleased with the overall plan, they'll think of you when their funds allow them to hire a professional decorator in the years to come. Or they may return to you immediately when they can't find exactly what they want at retail stores, and ask you to purchase through your trade sources.

Extra Expenses

You may also wish to explain to clients that they'll be billed for all miscellaneous expenses that you incur in the process of performing the job you've hired them to do. For example, you may charge for gas or mileage, telephone toll calls, messenger services, cab fares, and so on. If a job is large enough and your profit from furniture markups is sufficient, you may decide to simply absorb some or all of these incidental costs.

How and When to Get Paid

When you're billing clients on a straight-fee basis, you should get a signed contract for the project as soon as possible, before committing a great deal of time and effort to the job. At the time the contract is signed, you should ask for one-half of the total fee, plus at least one-half of the total for any items you're going to order. The remainder is paid at the time of (or immediately after) the installation.

For large projects or for those that require long periods of time to complete, the payment schedule may be arranged to include several payment periods based on completion of specified performance. For example, one third of the total fee may be paid at the time the contract is signed, one third upon approval of floor plans and the decorative scheme, and the final third upon installation. Always require a sufficient deposit to cover the wholesale cost of furnishings before you order them (Figure 34). If your total wholesale costs are $2,075, and if the wholesaler requires the entire amount at the time of purchase, that figure represents the initial deposit that you should collect from your client. Even if only half of the amount is required at the time of purchase, you should try to get the entire sum as a deposit. The full amount should be paid in advance when you aren't charging the client a markup.

CALCULATING A DEPOSIT		
Item	**Your Cost (Wholesale)**	**Client's Cost (Retail) (including tax)**
Sofa	700	1,200
Nest tables (3)	200	300
Chairs with footstool (2)	810	1,500
Lamps (2)	150	300
Brass accessories (2)	85	150
Vase	30	50
Plant stand	100	150
Total	$2,075*	$3,650**
*$2,075 is what you must pay to the wholesalers.		
**$3,650 is what you'll receive from your client. The difference ($3,650 – $2,075 = $1,575) is your profit.		

FIGURE 34—Make sure you request a deposit large enough to cover your obligation to wholesalers.

If you use the markup method for a small project, you should require a deposit of 50 to 75% of the total purchase amount when the client signs the letter of agreement that authorizes you to order specific items. The actual percentage should be based on the total amount that you must pay for all the items, plus about 10 to 20%. The balance usually is paid upon installation. The important thing is to receive enough money to pay for an item before you order it. This way you won't have to pay for an order item from your own pocket if the client disappears before delivery. For instance, consider the order outlined in Figure 34. A down payment for this job should be $2,075, plus 10 to 20%. If you elect 20%, the down payment should be $2,075 + $415 = $2,490.

For larger projects, the amount of deposit may vary according to the size of the job as well as the terms that you agree upon with each particular client. You could charge a percentage of

the proposed budget as the deposit. For instance, if the proposed budget is $30,000, the deposit could be one third of that, or $10,000. This deposit would be payable when the contract is signed, the second payment would be due when the furniture is delivered, and the balance would be due upon final installation.

Fee arrangements are very personal. There's no absolute rule, and most decorators tailor their terms to suit their own business and the amount they feel that a particular client will bear. You may propose a deposit of $10,000, and the clients may reply that they want to give you only $1,000 initially. Some decorators quote a particularly low figure for the proposed budget just to get the job; then they expand the project as it develops when the client feels more comfortable about what's being done. The pitfalls in doing business this way are obvious. You must be prepared to complete the job for the agreed-upon price.

For a substantial project, you may prefer to charge the client a flat fee, payable in advance, for working up the basic design and the proposed budget. Then you can charge for furnishings on a markup basis, perhaps giving the client a discount to compensate for the planning fee if purchases are considerable. Don't spend a great deal of time planning a project before receiving a signed contract and a down payment or deposit. Never hand a prospective client a floor plan or color study until the contract or letter of agreement has been signed and the initial payment made. If you do, you may be giving your work away. The clients could simply say thank you and then carry out your plan themselves. There isn't a thing you could do to stop them. Of course, you may feel it necessary to perform some services before a written agreement is signed in order to get the job. This is often a risk that you must take. Nevertheless, try to judge your clients carefully and give them only enough of your time and services to get them to the point of signing the agreement.

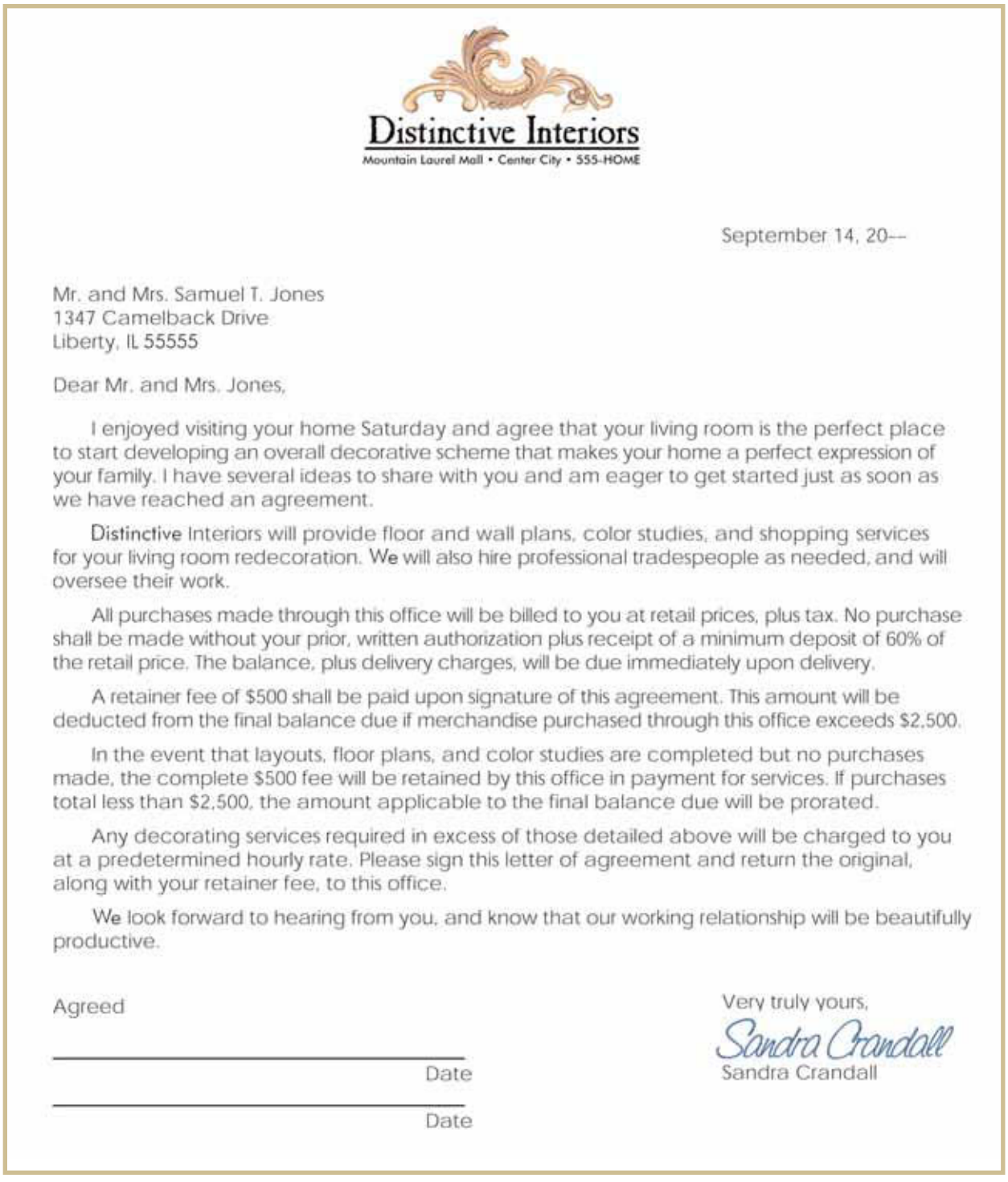
Setting Up Bookkeeping and Files

An important part of your business duties will involve record keeping. You must keep a careful record of every transaction you make for your clients. You also must keep each account separate. For instance, when you take on a new client, you need to start a file under the client's name in which you keep all correspondence, along with a billing sheet for all purchases and payments made for that client's project. If you do any future jobs for the same client, start a new file for each new project. Setting up books and files in an exacting way can save you many hours of frustration and confusion. The various components of your decorating business record keeping will become clearer as we discuss the business forms you'll need.

Paperwork is an absolute necessity in any business, and decorating is no exception. Forms make your job easier and more secure from misunderstandings, but they also require diligent attention. Details need to be followed through, and paperwork is the only "insurance" that keeps you on top of every project at all times. The following paragraphs describe the types of business forms that will most commonly be used in a decorating project.

Letter of Agreement

A *letter of agreement* (Figure 35) is a signed agreement between you and your client, authorizing you to proceed with specific steps outlined for the project. It's a formal contract, and to breach it on either side could entail a lawsuit. It's for your protection to have your agreement with your client clearly spelled out in written form. Your agreement should always include a clause for breach of contract. For instance, if for any reason your client must terminate the agreement, there should be a stated fee to compensate you for time already spent on the project, even if agreed-upon services are never performed. Refer to Figure 5 for another example of a letter of agreement.



Distinctive Interiors
Mountain Laurel Mall • Center City • 555-HOME

September 14, 20--

Mr. and Mrs. Samuel T. Jones
1347 Camelback Drive
Liberty, IL 55555

Dear Mr. and Mrs. Jones,

I enjoyed visiting your home Saturday and agree that your living room is the perfect place to start developing an overall decorative scheme that makes your home a perfect expression of your family. I have several ideas to share with you and am eager to get started just as soon as we have reached an agreement.

Distinctive Interiors will provide floor and wall plans, color studies, and shopping services for your living room redecoration. We will also hire professional tradespeople as needed, and will oversee their work.

All purchases made through this office will be billed to you at retail prices, plus tax. No purchase shall be made without your prior, written authorization plus receipt of a minimum deposit of 60% of the retail price. The balance, plus delivery charges, will be due immediately upon delivery.

A retainer fee of $500 shall be paid upon signature of this agreement. This amount will be deducted from the final balance due if merchandise purchased through this office exceeds $2,500.

In the event that layouts, floor plans, and color studies are completed but no purchases made, the complete $500 fee will be retained by this office in payment for services. If purchases total less than $2,500, the amount applicable to the final balance due will be prorated.

Any decorating services required in excess of those detailed above will be charged to you at a predetermined hourly rate. Please sign this letter of agreement and return the original, along with your retainer fee, to this office.

We look forward to hearing from you, and know that our working relationship will be beautifully productive.

Agreed

_____
Date

_____
Date

Very truly yours,

Sandra Crandall

Sandra Crandall

FIGURE 35—An informal letter of agreement is sufficient for a small job. Be sure that all of your terms are detailed exactly as you want them, because once you and your client sign this letter, it's legally binding.

Although you can use standard printed contract forms, many decorators prefer to draft letters of agreement on their own stationery. They're less formal in appearance, but they're no less legally binding. In the beginning stage of your operation, you would be wise to make sure that the agreement covers all it should. Basically, your letter of agreement should cover these points:

- An outline of the services to be performed, including such items as creating a decorating program, shopping, and furniture selection
- Presenting of the scheme to the client for approval with a budget estimate
- Ordering the furniture
- Dates for presentation and completion
- Supervision of the installation
- Fee (with cancellation clause), deposit, and arrangements for payment

Getting everything down on paper starts you and your clients off on the right foot. Whereas a letter of agreement can't cover every contingency that might arise, it will nonetheless go a long way toward keeping the client-decorator relationship clear.

Inventory Lists

Inventory lists (Figure 36) itemize the things to be purchased for a proposed project. Possibly the most important aspect of an inventory list is detail. Make sure you include all pertinent information, especially in the column "Complete Description." If a client has a question when an item is delivered, you can always refer to this list.

You can purchase special forms for inventory lists, but most decorators prefer simply to type inventory lists on their own stationery. Once you work out your decorative scheme and you've presented it to your clients, you should prepare a separate list of all of the furnishings you recommend for

September 30, 20--

For: Mr. and Mrs. Samuel T. Jones
1347 Camelback Drive
Liberty, IL 92006

INVENTORY LIST

Number To Order	Order Number	Complete Description	Source	Retail Price (Each)
1	AB-2476-8	Heritage Sofa, Classic Series pecan stain, "Silver Arrow" Ultra Suede	Kelso Brothers Distributing	$2,850
2	ALPA-81	Imperial Side Chairs, Victorian Blue, Tara Velvet	Kelso Brothers Distributing	520
2	12-SL-413	Scandia End Tables Finish: 432-Gray	Hadley Manufacturing	320
1	44-RED-33	Karastan Area Rug, 4 in. Fringe	Desert Distributing	1,800
			Total	$5,490

FIGURE 36—You can use special forms or your own stationery for inventory lists. The important thing is that you detail all of the facts.

purchase. As you go over the list with the clients, have them initial the entries they agree to. This is your preliminary approval to proceed with purchasing.

Because you'll be ordering furniture and other items through your own office, you'll be liable for the payment for these items. These payments could add up to sizable sums of money, which is precisely why you'll need approval for each item, along with a deposit from the clients, *before* you place any orders.

Purchase Orders

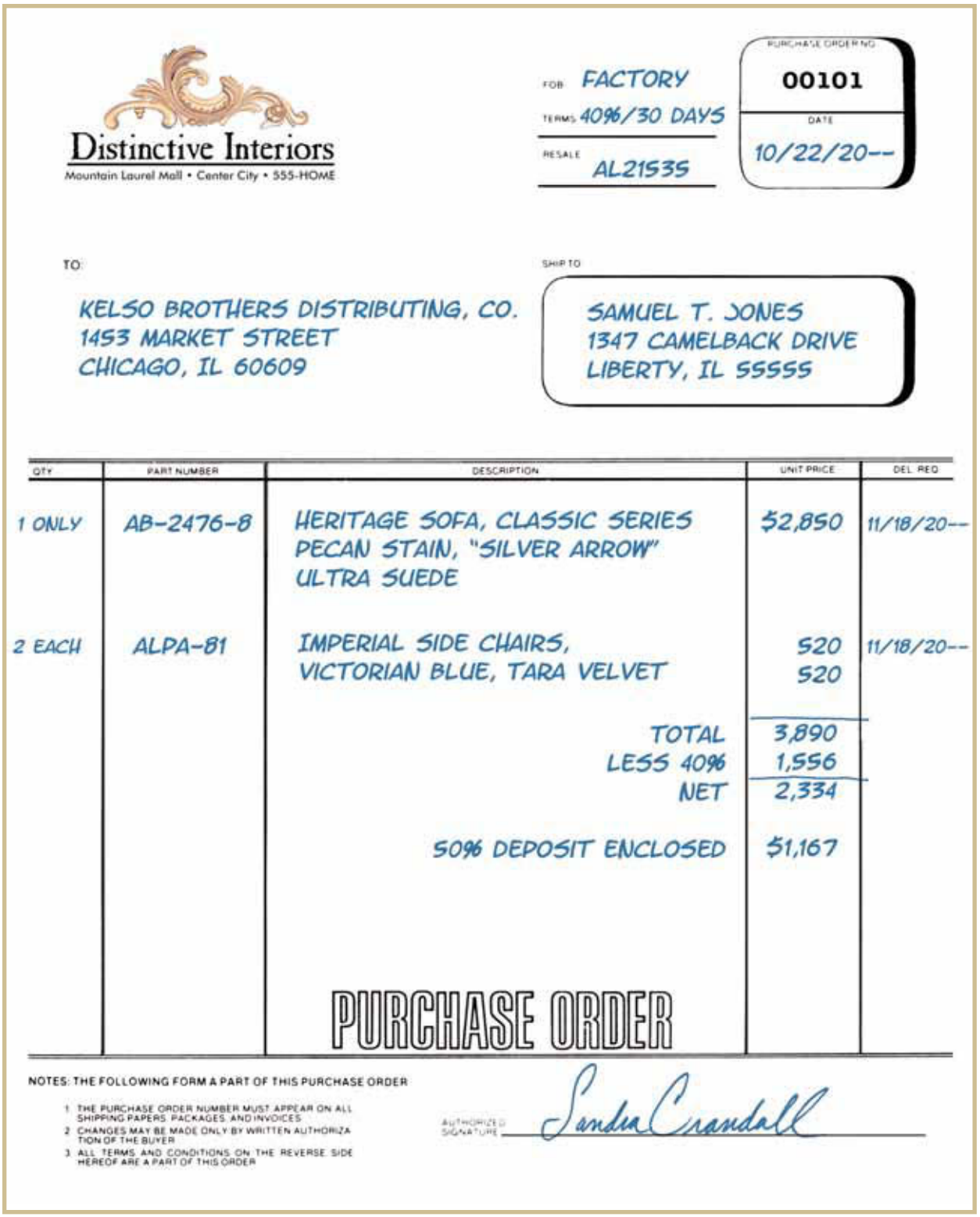
Purchase orders (POs) are standard forms you submit to a manufacturer, showroom, or distributor when you order various items for your clients. At first, you can simply type purchase orders on your own stationery. As your business grows, you'll probably want to use standard forms that you can purchase at most office supply stores. For a more professional look, you can have the POs imprinted with the name of your own business.

After your client has approved the purchase of an item, you're ready to place an order with the manufacturer, showroom, or distributor. Fill out the purchase order (Figure 37) with the proper information regarding the purchase: the name of the item, the style number, the color or fabric, the finish (if there is one), the price, and any other pertinent information. The back of a purchase order (Figure 38) often includes terms and conditions of the purchase agreement.

When you send a purchase order to a manufacturer, you're giving the company authorization to sell you the item or items. If you haven't established a credit account with the manufacturer, you may have to include a check for the cost of the item or at least a deposit.

At the same time, draft a cover letter to your client stating that you're about to purchase the item(s), and enclose a copy of the purchase order. Never show wholesale prices on a client's copy. Have the client sign or initial the letter and return it to you. Once you have the client's signed authorization—and not until then—mail the purchase order to the manufacturer. Attached the signed copy of the letter to your copy of the purchase order. Some decorators purchase items if the client has already signed a formal inventory list that describes the purchases in complete details.

You'll probably receive a receipt of purchase order from the showroom or manufacturer verifying that your order has been received and stating when it will be shipped. Staple this receipt to your purchase order copy and keep it on file with the client's signed letter.



Distinctive Interiors
Mountain Laurel Mall • Center City • 555-HOME

FOB FACTORY
TERMS 40%/30 DAYS
RESALE AL21535

PURCHASE ORDER NO. 00101
DATE 10/22/20--

TO:
KELSO BROTHERS DISTRIBUTING, CO.
1453 MARKET STREET
CHICAGO, IL 60609

SHIP TO
SAMUEL T. JONES
1347 CAMELBACK DRIVE
LIBERTY, IL 55555

QTY	PART NUMBER	DESCRIPTION	UNIT PRICE	DEL. REQ
1 ONLY	AB-2476-8	HERITAGE SOFA, CLASSIC SERIES PECAN STAIN, "SILVER ARROW" ULTRA SUEDE	$2,850	11/18/20--
2 EACH	ALPA-81	IMPERIAL SIDE CHAIRS, VICTORIAN BLUE, TARA VELVET	$20 $20	11/18/20--
		TOTAL	3,890	
		LESS 40%	1,556	
		NET	2,334	
		50% DEPOSIT ENCLOSED	$1,167	

PURCHASE ORDER

NOTES: THE FOLLOWING FORM A PART OF THIS PURCHASE ORDER

1. THE PURCHASE ORDER NUMBER MUST APPEAR ON ALL SHIPPING PAPERS, PACKAGES, AND INVOICES
2. CHANGES MAY BE MADE ONLY BY WRITTEN AUTHORIZATION OF THE BUYER
3. ALL TERMS AND CONDITIONS ON THE REVERSE SIDE HEREOF ARE A PART OF THIS ORDER

AUTHORIZED SIGNATURE Sandra Crandall

FIGURE 37—This purchase order to Kelso Brothers is for two of the items in the inventory list of Figure 36. Most wholesalers and distributors deal in list (retail) prices, less a discount, as shown on this order. A deposit may or may not be required.

TERMS AND CONDITIONS

1. Buyer will not accept charges for transportation, packing, packing cases, drums, or other extras except when such charges are specified on the order or otherwise agreed to by Buyer in writing.

2. *Seller expressly warrants that all the articles and materials covered by this order or by other descriptions or specifications furnished by Buyer will be in exact accordance with such order, description or specification, will be free from defects in materials and/or workmanship, will be merchantable, and will be fit for the use intended by Buyer. Such warranty shall survive delivery and shall not be deemed waived either by reasons of Buyer's acceptance of said articles or materials or by payment for them.*

3. All articles and materials furnished hereunder must be as specified and will be subject to inspection and approval of Buyer after delivery *and before acceptance.* The right is reserved to reject and return at the risk and expense of Seller such portion of any shipment as may be defective or fail to comply with specifications without invalidating the remainder of the order. Rejected materials will be held for disposition at the expense and risk of Seller.

4. Seller agrees to indemnify, *defend and hold Buyer harmless* from and against any and all loss, expense, claims, liability, and legal or administrative proceedings arising from the manufacture, sale, and/or use of the articles or materials furnished hereunder or any processes, material or equipment used in the performance of this order which is or is claimed to be an infringement of patent *and/or license* rights held by others.

5. If by reason of unavoidable accident, Act of God, fire, sabotage, strikes, lock-outs, or other labor interferences, riots, insurrection, war or any other cause beyond the reasonable power and control of Buyer, Buyer shall be prevented from operating at full capacity the plant or plants at which the goods covered hereby are to be used, or from receiving or using such goods, Buyer may thereupon or at any time thereafter either (a) cancel this order in whole or in part as to the undelivered portion thereof; or (b) suspend acceptance of deliveries thereunder in whole or in part, without affecting Seller's obligation to fulfill this order.

6. Commodity descriptions which identify this merchandise under the current rail or truck freight classification and which produce the lowest lawful freight charges thereunder must be shown on all bills of lading. Seller will reimburse Buyer for any additional cost or expense incurred by Buyer resulting from Seller's failure to comply with this provision.

7. This order shall not be assigned without the written consent of Buyer.

8. *Buyer reserves the right to cancel all or any part of the undelivered portion of this order if Seller does not make deliveries as specified, time being of the essence of this contract, or if Seller breaches any of the terms hereof.*

Buyer's rights hereunder shall be without prejudice to any other rights, election or remedies Buyer might have. A waiver of one default shall not be considered a waiver of any subsequent default.

9. This order shall constitute the entire agreement between Seller and Buyer relating to the subject matter of this order and shall supersede all prior communications, agreements, or understandings, written or oral, and cannot be changed except by a writing signed by both parties.

10. Seller, for himself and his subcontractors, agrees to comply with all federal and state laws, regulations and municipal ordinances applicable to the performance of, or the supplying of materials required under the above purchase order, including, without limiting the generality of the above, all laws dealing with wages and hours, equal opportunity employment, social security, unemployment compensation, and also workmen's compensation if any work required by said purchase order requires the presence of Seller's employees, or employees of Seller's subcontractors on Buyer's premises, or requires any such employees to work with any of the Buyer's employees. All work performed and all items supplied shall be in compliance with applicable Federal and state safety standards.

11. Seller shall not be excused from performance hereunder because of impossibility or impracticality unless Seller has attempted to fill this order from all available sources and has allocated the goods sold hereunder to Seller in the same proportion as any allocation to other contract purchases from Seller.

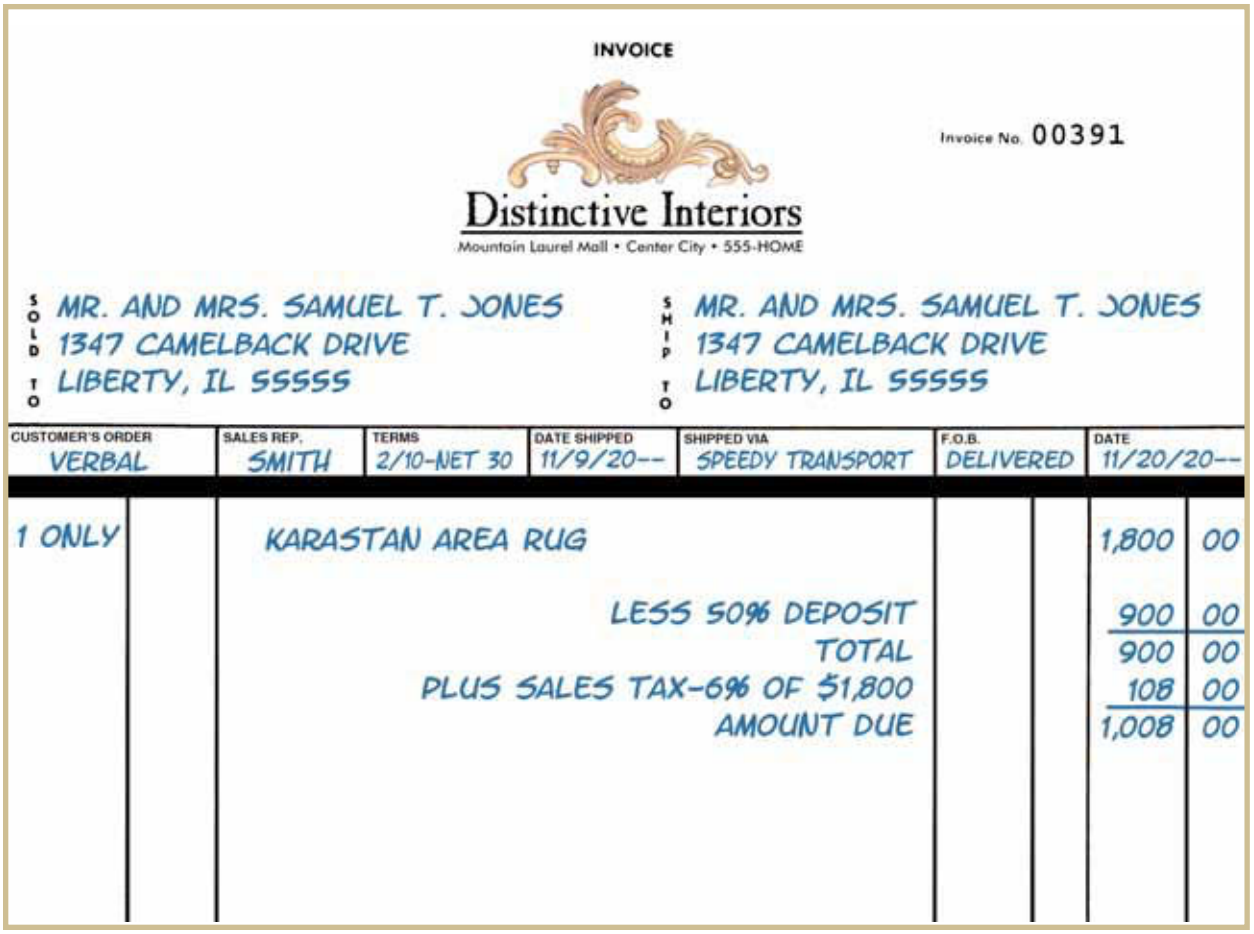
12. Risk of loss and/or damage to the articles and materials sold hereunder shall be borne by Seller at all times until acceptance of the goods by Buyer at the destination specified in this order, notwithstanding any delivery term on the face of this order.

13. Interpretation of this agreement shall be in accordance with the laws of the State of California.

FIGURE 38—The back of a purchase order lists terms and conditions of the purchase agreement.

Invoices and Statements

Invoices and statements are important to any decorating firm because they request payment for merchandise and services. As a rule, an *invoice,* or bill, is sent immediately upon completion of a service or delivery of merchandise, according to your agreement with the client. The invoice itemizes the service or merchandise, the total amount already paid, and the amount due. Indicate on your invoices when the bill is due. For example, the invoice in Figure 39 shows terms of 2/10—net 30. This notation means that Mr. and Mrs. Jones can deduct 2% from the bill if they pay it within 10 days. Otherwise, the total amount is due within 30 days.



INVOICE

Invoice No. 00391

Distinctive Interiors

Mountain Laurel Mall • Center City • 555-HOME

SOLD TO
MR. AND MRS. SAMUEL T. JONES
1347 CAMELBACK DRIVE
LIBERTY, IL 55555

SHIP TO
MR. AND MRS. SAMUEL T. JONES
1347 CAMELBACK DRIVE
LIBERTY, IL 55555

CUSTOMER'S ORDER	SALES REP.	TERMS	DATE SHIPPED	SHIPPED VIA	F.O.B.	DATE
VERBAL	SMITH	2/10-NET 30	11/9/20--	SPEEDY TRANSPORT	DELIVERED	11/20/20--

1 ONLY	KARASTAN AREA RUG	1,800	00
	LESS 50% DEPOSIT	900	00
	TOTAL	900	00
	PLUS SALES TAX-6% OF $1,800	108	00
	AMOUNT DUE	1,008	00

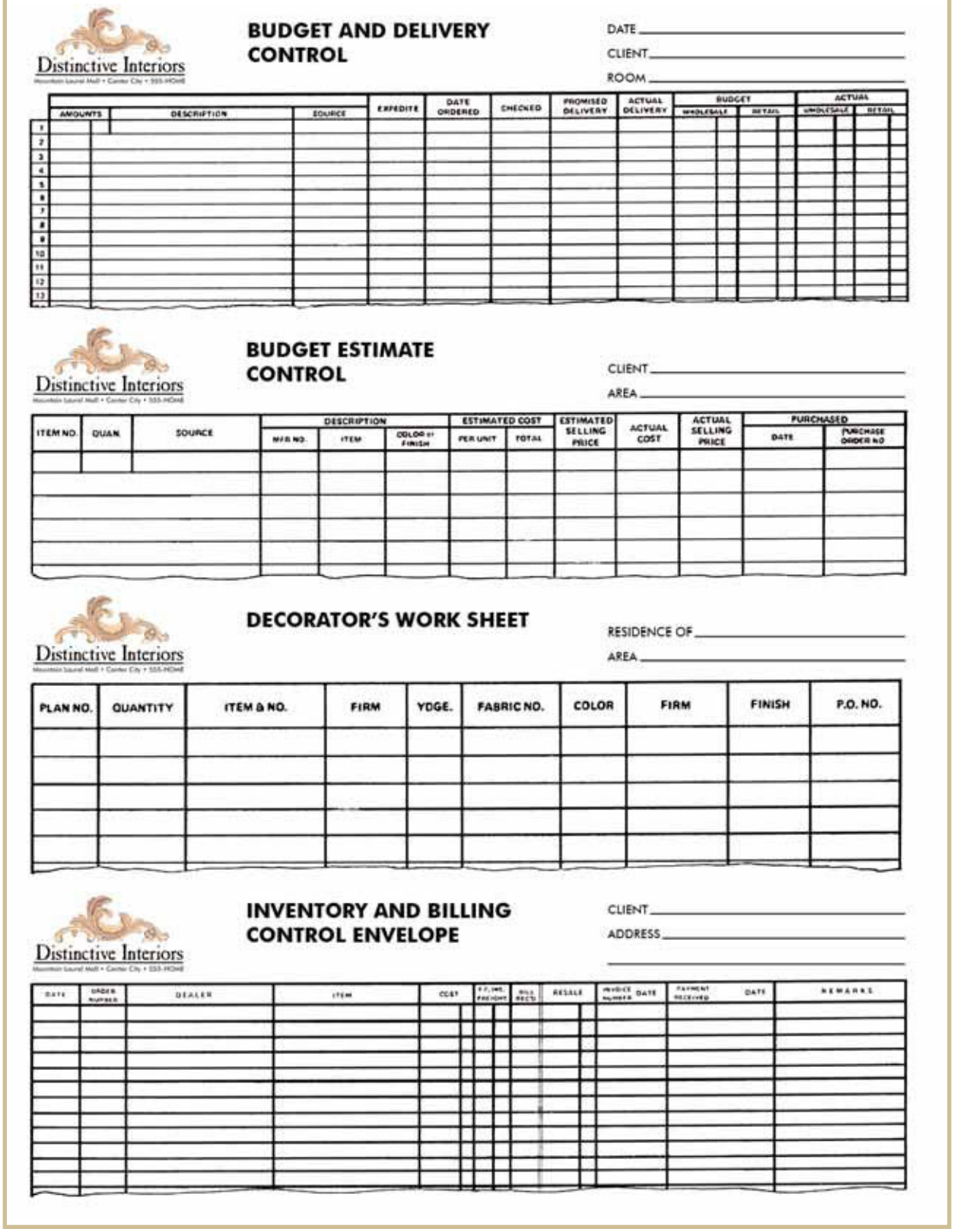
FIGURE 39—This invoice reflects the rug you ordered for Mr. and Mrs. Jones. (See Figure 36.)

A *statement of account* summarizes all invoices and other charges. It usually includes notation of payments received since the last statement period. For example, suppose a sofa and two chairs were delivered to Mr. and Mrs. Jones on November 15. A total of $1,685 was paid to you when you ordered the merchandise, and the balance was due upon delivery. As soon as the merchandise is received, you would send an invoice to the Joneses with a description of the sofa and chairs as listed in your original purchase order. You would show the total amount due ($3,370), the deposit ($1,685), and the amount of $1,685 (plus tax) now due. If you receive other merchandise for the Jones family during the month, send additional invoices (separate ones for each delivery and/or each manufacturer).

At the end of your statement period (usually the end of each month), you should send a statement of account to the Joneses that lists a brief description of each invoice, any other charges now due by agreement, any payments received, and a total amount due. If every charge has been paid, it's still good business practice to send an itemized statement showing charges, payments, and a balance due of zero.

Although you can use your letterhead for invoices and statements, you may wish to purchase typical forms from a stationer's store. Again, these can be imprinted with the name and address of your business. If you happen to know your way around a computer and have the right software, you can create your own forms.

Figures 40–45 illustrate a number of business forms that you may find useful. They help establish you as a professional and facilitate your bookkeeping. In addition, they classify you as a professional in the eyes of tradespeople and clients.



Distinctive Interiors

BUDGET AND DELIVERY CONTROL

DATE _____
CLIENT _____
ROOM _____

	AMOUNTS	DESCRIPTION	SOURCE	EXPEDITE	DATE ORDERED	CHECKED	PROMISED DELIVERY	ACTUAL DELIVERY	BUDGET WHOLESALE	BUDGET RETAIL	ACTUAL WHOLESALE	ACTUAL RETAIL
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												

Distinctive Interiors

BUDGET ESTIMATE CONTROL

CLIENT _____
AREA _____

ITEM NO.	QUAN.	SOURCE	DESCRIPTION			ESTIMATED COST		ESTIMATED SELLING PRICE	ACTUAL COST	ACTUAL SELLING PRICE	PURCHASED	
			MFR NO.	ITEM	COLOR or FINISH	PER UNIT	TOTAL				DATE	PURCHASE ORDER NO

Distinctive Interiors

DECORATOR'S WORK SHEET

RESIDENCE OF _____
AREA _____

PLAN NO.	QUANTITY	ITEM & NO.	FIRM	YDGE.	FABRIC NO.	COLOR	FIRM	FINISH	P.O. NO.

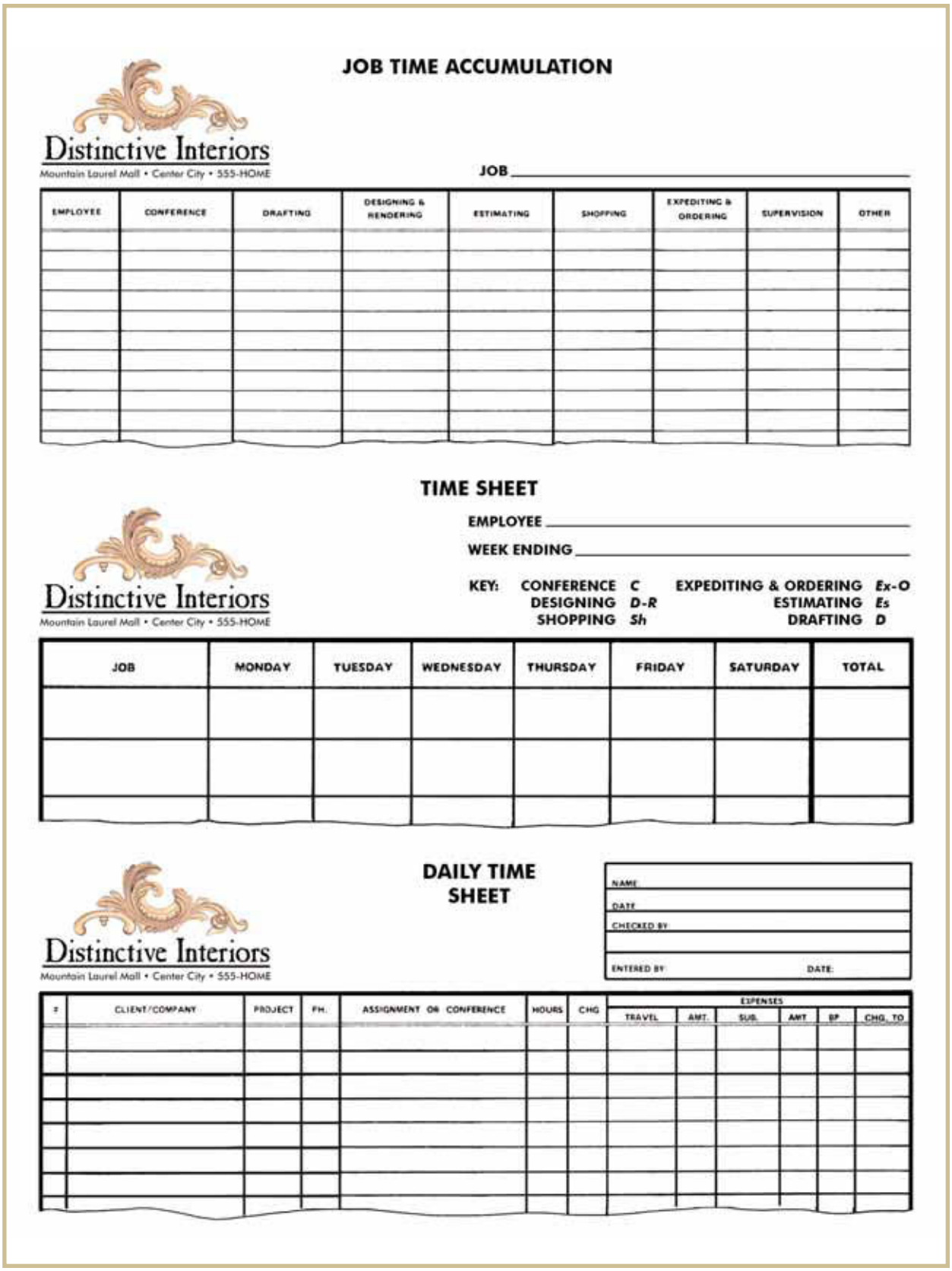
Distinctive Interiors

INVENTORY AND BILLING CONTROL ENVELOPE

CLIENT _____
ADDRESS _____
_____

DATE	ORDER NUMBER	DEALER	ITEM	COST	F.T. INC. FREIGHT	BILL BACK	RESALE	INVOICE NUMBER DATE	PAYMENT RECEIVED	DATE	REMARKS

FIGURE 40—Here are some forms that you may find helpful in controlling budget and inventory.



JOB TIME ACCUMULATION

Distinctive Interiors
Mountain Laurel Mall • Center City • 555-HOME

JOB _____

EMPLOYEE	CONFERENCE	DRAFTING	DESIGNING & RENDERING	ESTIMATING	SHOPPING	EXPEDITING & ORDERING	SUPERVISION	OTHER

TIME SHEET

Distinctive Interiors
Mountain Laurel Mall • Center City • 555-HOME

EMPLOYEE _____

WEEK ENDING _____

KEY: CONFERENCE *C* EXPEDITING & ORDERING *Ex-O*
DESIGNING *D-R* ESTIMATING *Es*
SHOPPING *Sh* DRAFTING *D*

JOB	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	TOTAL

DAILY TIME SHEET

Distinctive Interiors
Mountain Laurel Mall • Center City • 555-HOME

NAME
DATE
CHECKED BY
ENTERED BY DATE

#	CLIENT/COMPANY	PROJECT	PH.	ASSIGNMENT OR CONFERENCE	HOURS	CHG	EXPENSES					
							TRAVEL	AMT.	SUB.	AMT	BP	CHG. TO

FIGURE 41—Forms like these can help you keep track of the time you and your employees spend on various jobs.

Distinctive Interiors

Mountain Laurel Mall • Center City • 555-HOME

CHANGE WORK ORDER

DATE _____

CLIENT _____

JOB _____

LOCATION _____

DESCRIPTION OF CHANGE OR ADDITION _____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

CONTRACTOR'S COST _____

SIGNATURE OF CONTRACTOR _____

SIGNATURE OF CLIENT'S REPRESENTATIVE _____

SIGNATURE OF JOB CAPTAIN _____

FIGURE 42—Change Work Order Form

REUPHOLSTERY CHECKLIST

DATE _____

CLIENT _____

ADDRESS _____

DESCRIPTION OF FURNITURE _____

_____

STYLE AND APPROXIMATE SIZE _____

REPEAT OF FABRIC _____

WIDTH OF FABRIC _____

TYPE OF SKIRT _____

TYPE OF TRIM _____

DOUBLE SELF-WELT _____

SINGLE SELF-WELT _____

NAIL _____

FRAME TO BE TIGHTENED _____

FRAME TO BE TOUCHED UP _____

CHANGE SEAT CUSHION ☐ YES ☐ NO

DESCRIPTION OF CHANGE _____

ESTIMATE FROM WORKROOM _____

YARDAGE _____

PRICE _____

DOES PRICE INCLUDE PICKUP AND DELIVERY?

OTHER INFORMATION _____

_____

_____

_____

FIGURE 43—Reupholstery Checklist

Distinctive Interiors

Mountain Laurel Mall • Center City • 555-HOME

DRAPERY CHECKLIST

Date_____

CLIENT _____

ADDRESS _____

INSTALLATION DATE _____

ROOM OR AREA _____

TYPE OF TREATMENT _____

_____

_____

REPEAT OF FABRIC _____

WIDTH OF FABRIC _____

	Yes	No
MEASURE TO BE SUPPLIED BY DECORATOR		
MEASURE TO BE SUPPLIED BY WORKSHOP		
WALL-TO-WALL CARPETING		
VALANCE		
TYPE OF VALANCE_____ _____		
CEILING TO FLOOR		
CEILING TO SILL		
CEILING TO APRON		
TOP OF TRIM TO SILL		
UNLINED		
LINED		
LINED AND INTERLINED		
TRIMMED		
STATIONARY		
TO DRAW		
TIE BACK		
HARDWARE		

FIGURE 44—Drapery Checklist

Distinctive Interiors

Mountain Laurel Mall • Center City • 555-HOME

Paint Schedule

RESIDENCE OF _____

ROOM	WALLS		CEILING	WOODWORK			
	WALLS	PAPER NO.		DOOR TRIM	WINDOWS	CEILING MLDG.	BASEBOARD

FIGURE 45—Paint Schedule

Inventory and Billing Control

Once items are ordered, you must keep track of them. You should know where each item is and how soon it will be delivered. Has it been shipped? Has it arrived at a warehouse? Is there a balance due? Are there shipping charges? There's only one way to keep tabs on all of these vital facts, and that's by keeping accurate records. You must constantly keep your clients' files and accounts current. When the time comes to actually install a job, you need to know that every item is exactly where it should be and that the clients' account is in good standing.

If your operation is small, you can use your "off time" to maintain your files. Check your files periodically—probably once each week. Note when items were ordered and when they're due to be shipped. Check to see if they were prepaid or if they still have a balance due. Alert your client if additional shipping charges will be due upon delivery. If deliveries were due since your last file check, find out if the items have actually arrived. If not, find out why. A promised delivery could have been taken to the wrong address. The items may be sitting on a delivery truck instead of in your warehouse or your clients' home.

Regularly check payments due from clients. If any payments have come due as a result of agreements, delivery of merchandise, or completion of services, send an invoice to the client. If billed clients haven't yet responded, send them another invoice and mark it "Second Billing." Make a notation (or include a copy) in your files.

Don't fall into the habit of extending credit to your clients for any length of time. Bills have a way of getting set aside until the client is ready to pay. This practice could leave you, especially if you have a small business, in the awkward position of being delinquent in your own payments. You're merely an agent, a go-between for your client and the wholesaler. You shouldn't have to extend credit to your clients by paying for their furniture out of your own working capital. Be candid with your clients, and develop a proper written agreement that covers your clients' and your financial obligations in advance of any purchasing. If you follow this procedure, you should have no trouble collecting when bills come due.

If your business becomes quite large, bookkeepers and accountants can take this paperwork burden from your shoulders. Until you reach that stage, however, the job is up to you. Set aside one or two days each month to keep track of your records, invoices, and accounts.

Many businesses issue statements at the end of each month to alert their clients of unpaid balances. A *statement* differs from straight invoicing of the cost of a single item. It totals all of the items that have been purchased and notes their individual balances plus the total amount due. Small decorating firms can generally eliminate this step, except for sending second bills to any clients who haven't yet paid previous invoices. Remember to mark these as second billings on the invoice.

Don't be apprehensive about billing and bookkeeping. If your business is small, you'll have no trouble keeping your own books. Two or three decorating projects per month are fairly easy to keep tabs on.

Taxes

Federal Taxes

Each year the IRS publishes the *Tax Guide for Small Business,* Publication 334. This guide is available online at the IRS Web site. Consult this publication regularly because tax requirements change frequently.

Requirements for preparing and filing federal income tax returns are more complicated for a business than for an individual. When deciding whether to prepare your own tax return or hire someone to do it, you should consider the complexity of your business and your own skills. Usually a more accurate return can be prepared by someone who is thoroughly familiar with federal income tax regulations. Many attorneys specialize in income tax work, and nearly all practicing public accountants prepare many tax returns each year. If you've kept accurate records as described in this study unit, you'll greatly reduce the cost of having an accountant prepare your tax forms because accountants customarily charge by the hour.

Types of Federal Income Tax Returns

The type of federal income tax return you file will generally be governed by the form of your business organization. For example, if your business is a partnership, the business must file Form 1065. No federal income tax has to be paid by the partnership as such, but each individual partner will report his or her shares of the profit or loss of the partnership on the Form 1040 that they file as individuals. If you operate a single proprietorship or corporation, your tax forms will be different. The best approach is to hire a professional who can recommend the best procedure for you to use. A professional will know the proper forms to file and the best way to pay the least taxes. A professional will also help you to avoid errors that can be costly for your business.

Income Taxes and the Home Business

If you operate your interior decorating business out of your home, you must keep business records of your household expenses for tax purposes. You can claim certain household deductions for your business. For instance, you may be allowed to deduct a portion of your home mortgage or rental payments for your business. If, for example, you have a five-room home and you use one room *solely* for your interior decorating business, you may deduct 20% (one fifth) of your house payment or rent. You may also deduct percentages for electricity and telephone, as well as a proportionate share of needed repairs and upkeep. If you do any work on the room you occupy, such as repainting, building in shelves, or rewiring, the full amount of these costs may be deducted. Also, you may deduct that portion of the cost of your car used for your business, including depreciation, gasoline, repairs, and so on. You may also take deductions for the usual direct business costs, such as furniture, supplies, postage, books, advertising, and such. Again, a professional certified public accountant can help greatly in determining what you can deduct and what you can't deduct.

Self-Employment Taxes

If you're the sole owner of a business or if you're a partner in a partnership, the amount you withdraw from the business isn't reportable for federal payroll taxes. However, if you had wages from another source subject to the maximum amount reportable for Social Security taxes, you'll have to pay, in place of Social Security taxes, a *self-employment* tax based on your income from the business. Although the self-employment tax isn't an income tax, the computation is made on Schedule SE (Form 1040) and filed with your individual federal income tax return.

Declaration of Estimated Taxes

If you're self-employed, you may be required to file a *declaration of estimated tax,* even though a wage earner with the same income wouldn't have to do so. The reason for this declaration is that income taxes aren't withheld from your self-employment income as they are in the case of a wage earner. Regulations require that you file a declaration and make quarterly payments on the estimated tax if your estimated tax liability is a certain minimum figure or more and if estimated income not subject to withholding is more than a certain minimum. Check regularly for current minimum figures.

If you're a wage earner and you plan to file a joint return, wages as well as business income should be included in your estimate. If your business is a partnership, each of the partners will have to make estimates if each is required to do so as individuals.

State and Local Taxes

In addition to federal income taxes, you may be required to file returns to your state and local governments. Each state and locality has different rules and rates of taxation. A professional accountant can guide you through the requirements of your particular state and locality.

Keeping Records

Did reading the preceding pages set your nerves on edge? Are you muttering, "I don't want to be an accountant, for heaven's sake! I want to be an interior decorator!"? Well, somebody has to do the business management part of your business. Unless you're lucky enough to start out with an investment from a wealthy relative, you'll probably be your only employee when you first set up business. Therefore, you'll probably be doing your own record keeping for a while. If this is an aspect of business that you dislike, you can turn it over to someone else as soon as you can afford to pay for the service. There are freelance bookkeeping offices in many towns that handle records for small businesses on a part-time basis. Regardless of who does your record keeping, it's your business and you need to know whether your business is running properly. The only way you can be sure is to know and understand how the records should be kept.

In this study unit, we've set forth basic guidelines for do-it-yourself business finances. These by no means constitute a complete bookkeeping or accounting system. If you at least maintain the records we've suggested here, however, they'll be sufficient for a bookkeeper to develop a complete set of business books when needed. An accountant will also have all of the information he or she needs to prepare your taxes and offer you sound financial advice. Again, you would be wise to consult an accountant to prepare your business tax forms. There are many ways he or she can save money for most businesspeople.

About Abbreviations

As a newly established interior decorator, you'll encounter many words that will be new to you. If you hear or read some abbreviations and you don't have the foggiest idea what they stand for, however, don't despair. Here's a list of the most common abbreviations you'll come across in your interior decorating business:

ADV This abbreviation indicates the advertised price of an item.

CBD (cash before delivery) An item must be paid for before it's delivered.

COD (cash on delivery) An item must be paid for when it's delivered.

COM (customer's own material) Fabric will be supplied by the interior decorator or the client.

EOM (end of month) This abbreviation refers to terms that allow discounts from the end of the month in which a shipment is made instead of from the date of the invoice.

FOB (free on board) The abbreviation FOB (with a qualifier) indicates what party is responsible for paying the shipping charges. For example, "FOB Origin" means the buyer is responsible for freight charges; "FOB Destination" means the seller is responsible.

TD (turndown) TD indicates a rejection for an application of credit.

TO (turnover) TO indicates a practice in retail sales in which a salesperson, in order to help make a sale, turns over a customer to another salesperson.

The Computer Advantage

If you have a home computer, you can use it to keep records and perform other tasks. A basic computer setup can store client records and bills and provide printouts. You can use it to store business and employee records and to handle your correspondence. You also can generate your own business forms. With the right computer and software, you can even compute yardage requirements and perform drafting and decorating work.

Software from wholesale companies is being developed to replace bulky books and catalogues. Searching time is reduced by index commands that quickly locate the item you need. Here are a few examples of the many software programs that are beneficial for an interior decorating business:

- *Computer-aided design (CAD)* and computer-aided design and drafting (CADD) programs help you produce technical drawings and plans.

- *Word-processing programs* allow you to write and store all types of business letters and documents.
- *Business accounting programs* help you keep track of accounts receivable, accounts payable, sales, receipts, purchases, and billing.
- *Database programs* help you keep track of files and produce forms that aid in managing a business.
- *Desk manager programs* help you organize your time efficiently.

Congratulations! You've reached the end of this study unit. Please complete *Self-Check 3* now.

Self-Check 3

Indicate whether each of the statements is True or False.

_____ 1. Contracts and letters of agreement can be printed on your own stationery.

_____ 2. You should be prepared to dip into your own pocket to pay for items your client has ordered.

_____ 3. If you select a sofa for your client that retails at $1,500 and you purchase it wholesale for $1,000, the difference of $500 is your profit.

_____ 4. One way to attract new clients is to get to know new-home developers and real estate firms.

_____ 5. A beginning decorator should set aside large sums to cover advertising.

_____ 6. You should mail invoices approximately one month after a service or delivery of merchandise.

_____ 7. You may be able to deduct some of your household expenses if you operate your business from your home.

_____ 8. Unless you're familiar with tax laws and requirements, it's a good idea to hire a professional accountant to help you through the tax process.

Check your answers with those on page 107.

Answers

Self-Check 1

1. False
2. False
3. False
4. True
5. True
6. False
7. True

Self-Check 2

1. False
2. True
3. False
4. False
5. True
6. True
7. False

Self-Check 3

1. True
2. False
3. True
4. True
5. False
6. False
7. True
8. True